



## **Audit Committee Charter**

*As Approved by the Board of Directors*

Revised January 18, , 2006

### **PURPOSE**

This charter governs the operation of the Audit Committee of Carreker Corporation (the "Company"). The Audit Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors (the "Board") for any changes made. There shall be a committee of the Board to be known as the Audit Committee. The Audit Committee shall be composed of a minimum of three directors who are financially literate and independent in accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission") and the NASDAQ listing standards. At least one member of the Audit Committee must be designated as the "audit committee financial expert," as defined by the rules of the Commission promulgated under the Sarbanes-Oxley Act of 2002. The Board on the recommendation of the Governance Committee shall appoint the members of the Audit Committee. Audit Committee members may be replaced by the Board.

### **STATEMENT OF POLICY**

The Audit Committee shall provide assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors, and the financial management of the Company.

While the Audit Committee has the responsibilities and authority set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable legal and other requirements. These are the responsibilities of management and the Company's independent auditors. The Audit Committee is entitled to rely on the information provided by the Company's management and the advice of professional experts and counselors in fulfilling its responsibilities.

The Audit Committee shall prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.

### **DUTIES AND RESPONSIBILITIES**



The primary responsibility of the Audit Committee is to oversee the financial reporting process. Management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Audit Committee will:

- Appoint, compensate, and oversee the services of the Company's independent auditors and pre-approve all auditing and permitted non-audit services performed by the Company's independent auditors. The Audit Committee shall have a clear understanding with management and the independent auditors that the independent auditors are responsible to the Audit Committee as representatives of the Company's shareholders.
- Evaluate overall performance of professional services provided by the independent auditors including audit and non-audit services and consider the possible effect of the performance of such services on the independence of the auditors. On an annual basis, the Audit Committee shall discuss the auditors' independence from management and the Company and the matters included in the written disclosures required by the Independence Standards Board.
- Resolve any disagreements between the independent auditors and financial management of the Company regarding accounting and auditing issues and financial statement disclosures.
- Receive from the independent auditors a formal written statement delineating all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard No. 1.
- Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof, review the results of such audit, including any comments or recommendations of the independent auditors and any other matters required to be communicated to the Audit Committee by the independent auditors under generally accepted auditing standards.
- Review with the independent auditors, the Company's internal auditor, and financial and accounting personnel, the adequacy and effectiveness of the Company's system of internal accounting and financial controls of the Company, including the Company's system to monitor and manage business risk and legal and ethical compliance programs, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. Further, the Audit Committee periodically should review Company policy statements to determine their adherence to the code of conduct.



- Review the internal audit function of the Company, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the independent auditors.
- Receive prior to each regularly scheduled meeting, a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
- Review the financial statements to be included in the annual report to shareholders with management and the independent auditors including their judgment about the quality, not just acceptability, of accounting principles and financial statement presentations, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.
- Provide sufficient opportunity for the internal and independent auditors to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial, accounting, and auditing personnel, and the cooperation that the independent auditors received during the course of the audit.
- Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review the accounting and financial departments' human resources and succession planning.
- Submit the minutes of all Meetings of the Audit Committee to, or discuss the matters discussed at each committee meeting with, the Board.
- Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
- Review with financial management and the independent auditors the results of their timely analysis of significant financial reporting issues and practices, including changes in, or new adoptions of, accounting principles and disclosure practices.
- Report the results of the annual audit to the Board. If requested by the Board, invite the independent auditors to attend the full Board meeting to assist in reporting the results of the annual audit or to answer other directors' questions.



- Review disclosures made by the CEO and CFO during the Forms 10-K and 10-Q certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.
- Review with management and the independent auditors (prior to filing) the financial statements and related disclosures to be included in the Company's Quarterly Report on Form 10-Q. Also, the Audit Committee will discuss the results of the quarterly review and any other matters required to be communicated to the Audit Committee by the independent auditors under generally accepted auditing standards.