



ALEAGENT HEALTH FINANCE AND AUDIT COMMITTEE CHARTER

I. STATEMENT OF PURPOSE

The Alegent Health Finance and Audit Committee (the “Committee”) shall be responsible for:

- Providing oversight assistance to the Alegent Health Board of Directors (Board) in fulfilling the responsibility relating to accounting and reporting practices;
- A reliable system of internal controls;
- The quality and integrity of financial reports of Alegent Health and all activities of the corporate compliance program.

In so doing, it is the responsibility of the Committee to maintain free and open communication between the Board, Internal Audit, Compliance, External Audit and senior management of Alegent Health.

II. FINANCE AND AUDIT COMMITTEE CALENDAR

- The Committee shall meet a minimum of four times per year.
- Committee members shall attend more than half of the meetings each year.
- At the beginning of each year the Committee shall establish a proposed annual calendar to accomplish its purposes.
- The schedule shall be furnished to the Alegent Health Board Chair (the “Board Chair”) for discussion and planning with the Chief Executive Officer (the “CEO”).

III. MEMBERSHIP

- The Committee shall be comprised of a minimum of five members, including one representative each from Catholic Health Initiatives and Immanuel Health Systems.
- Committee members are appointed by the Board Chair.
- The Committee Chair (the “Chair”) will be a member of the Board of Directors and shall be appointed by the Board Chair.
- The CEO shall serve as a non-voting member of the Committee and the CEO and/or the CEO’s designee shall attend all Committee meetings.
- The CEO shall arrange for appropriate staff support.
- The Alegent Health Chief Financial Officer will serve as staff resource to the Committee. Other experts will be asked to attend, as warranted.

A. Qualifications Of Members

1. The Committee shall be comprised of members who are independent of Alegent Health, and its management. Members of the Committee shall be considered

independent if they have no relationship that may interfere with the exercise of their independence from Alegant Health and its management. Serving on the Board of Directors in itself does not constitute a lack of independence.

2. Committee members do not need to be members of the Board of Directors. However, there should be enough Board of Directors members on the Committee to meet state statutory requirements.
3. Committee members will be financially literate, and at least one member will have accounting or related financial management expertise in a complex organization.

IV. RESPONSIBILITIES AND DUTIES

In carrying out its oversight responsibilities, the Committee procedures should remain flexible in order to best react to changing conditions and assure the Board that the accounting, reporting and internal control practices of Alegant Health are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Committee will:

A. **Financial Risk Assessment**

Inquire of local management, Internal Audit, and External Audit, as applicable, concerning significant financial risks or exposures and assess the steps management has taken to minimize such risks to Alegant Health.

B. **Budget**

Review and approve the annual operating and capital budgets and encompassing ratios tracked by rating agencies, any budget projections for the system, prior to submission to the Board. Recommend action to the Board regarding the annual operating and capital budgets.

C. **Financial Reporting**

Monitor financial performance and financial trends for Alegant Health relative to the budgets. Review the financial implications of major decisions and directions for the system; explore and evaluate financial alternatives to the system. Assure that financial decisions are consistent with the mission and values of the system.

In conjunction with efforts of External Audit, Internal Audit and Alegant Health management, evaluate adequacy of the system of internal controls over financial reporting and accounting systems and recommend improvement where new or more rigorous controls or procedures are desirable.

D. **Internal Audit**

Responsibilities of the Committee include the following:

1. Receive input from the Internal Audit and Compliance Advisory Committee in the discharge of its duties.
2. Recommend an internal audit process and advisory audit firm to the Board.
3. Review and approve the Alegant Health annual internal audit plan prior to the beginning of the new fiscal year, and the coordination of such plan with the audit firm and address as appropriate.
4. Receive and approve the completed internal audit summary reports and the progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
5. Review results of action plan follow up from completed audit reports.

E. Compliance

1. Review and approve the Alegant Health annual compliance audit plan prior to the beginning of the new fiscal year, and the coordination of such plan with the audit firm and address as appropriate.
2. Receive and approve the completed compliance audit summary reports and the progress report on the proposed compliance audit plan, with explanations for any deviations from the original plan.
3. Review results of action plan follow up from completed audit reports.
4. Recommend the ethical framework by which the Board of Directors, CEO and Alegant staff operates by establishing Standards of Conduct, which are embodied in Alegant's Corporate Integrity Program (Compliance Program).
5. Monitor and enforce the Alegant Conflicts of Interest policy for Management and Interested Person across all applicable Alegant corporations.

F. External Audit

Responsibilities of the Committee include the following:

1. Recommend an external auditor to the Board.
2. Meet with external auditors a minimum of two times per year to: a) review and approve recommendations from external auditors regarding scope of audit work and associated audit risk assessment and b) receive presentation of annual audit report and related findings.
3. Review the annual audited consolidated Alegant Health, Bergan Mercy Health System, and Immanuel Medical Center consolidated financial statements and recommend approval of the aforementioned statements to the Board of Directors.

4. Perform where a Specific Scope, Limited Scope or Special Report is issued the committee, the following functions: approve scope of work; review any resulting report; and inquire of management if the work resulted in any adjustments or disagreements with external auditors.
5. Provide sufficient opportunity for the external auditor, as applicable, to meet with the members of the Finance and Audit Committee without members of senior management present.

G. Investment Program

Assure that investment decisions are consistent with the investment strategy of the system. Responsibilities of the Committee include the following:

1. Assure that the Fund is administered in accordance with the Investment Policy.
2. Recommend to the Board outside professionals including an Investment Consultant, investment managers and others as may be needed to assist in the administration of the Investment Policy.
3. Monitor the asset allocation, investment manager performance, and conduct of professionals associated with the Fund. Determine if overall the strategy, objectives and guidelines continue to be appropriate and reasonable and recommend Policy changes to the Board on a timely basis, as appropriate.
4. Review the results of the Fund periodically relative to the Policy and meet with the Investment Consultant on an as needed or requested basis.
5. Report to the Board the results of the Fund on a quarterly basis, or as necessary.

H. Pension

Responsibilities of the Committee include the following:

1. Receive input from the Pension Advisory Committee in the discharge of its duties.
2. Review funded status of the plans and establish funding policies of the plans.
3. Review policies relating to the investment of plan assets and communicate recommendations applicable to CHI policy to the Alegend Health representatives of the CHI Employee Savings Plan Investment Subcommittee.
4. Review and approve modification to design of the plans.
5. Review past investment performance of the plans and appropriateness of current investment strategy and communicate recommendations applicable to CHI policy

to the Alegend Health representatives of the CHI Employee Savings Plan Investment Subcommittee.

6. Receive and annually review audits of the plans.
7. Review and approve selection of benefit plan sponsoring organization.

I. **Long Term Financing**

Recommend action to the Board regarding the incurrence, assumption or guaranty of any individual transaction of long-term indebtedness, including capital and operating leases, outstanding for more than 365 days, in excess of \$2 million or 2% of the total long-term indebtedness of Alegend Health's consolidated balance sheet.

J. **Mergers, Dissolutions, or Sales**

Recommend action to the Board regarding the sale, lease, transfer, encumbrance or disposition of tangible property having a fair market value in any individual transaction in excess of \$3 million.

K. **Review Charter**

Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Governance Committee for approval.

L. **Annual Self-Evaluation**

Ensure that the Committee conducts an annual self-evaluation to determine whether it is functioning effectively. The outcomes of the assessment process will be discussed with the committee and a plan for improvements for the following year will be developed.

V. **MEETINGS**

- The Committee will meet with such frequency and at such times as its Chair or a majority of the Committee determines.
- A special meeting of the Committee may be called by the Chair, upon the request of any two Committee members or by the Board Chair.
- The agenda of each meeting will be prepared, approved by the Chair and circulated to each Committee member prior to the meeting date.
- Unless the Committee or the Board adopts other procedures, the provision of Alegend's Bylaws applicable to meetings of Board committees shall govern meetings of the Committee.

VI. **MINUTES**

Minutes of each meeting shall be kept and forwarded to the Board accordingly.

VII. SUBCOMMITTEES

- The Committee has the power to appoint subcommittees and their chairs, but no subcommittee will have any final decision making authority on behalf of the Board or the Committee.
- The two standing subcommittees reporting to the Finance and Audit Committee, the Internal Audit and Compliance Advisory Committee and the Pension Advisory Committee, will each have separate charters.

VIII. RELIANCE; EXPERTS; COOPERATION

- A. **Retention of Advisors.** The Committee, upon concurrence of the Board Chair, has the power, in its discretion, to retain, at Alegent's expense, such advisors and experts as it deems necessary or appropriate to carry out its duties.
- B. **Reliance Permitted.** The Committee will act in reliance on management, Alegent's independent public accountants, internal auditors, and advisors and experts as it deems necessary or appropriate to enable it to carry out its duties.
- C. **Investigations.** The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.