

## **Audit Committee Charter**

### **Organization and Membership Criteria and Qualifications**

The Committee shall be appointed by the Board, may be replaced by the Board, and shall be comprised of at least three directors. Each Committee member shall meet the requirements of the NASDAQ Rules, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), and all other federal and state laws and regulations, with respect to audit committees, as they may become applicable from time to time, as well as the requirements of paragraph 17 of Edgewater Technology, Inc.'s (the "Company") Corporate Governance Board Guidelines. The Committee shall be subject to the provisions of the Company's Amended and Restated Bylaws relating to committees of the Board of Directors, including those provisions relating to removing committee members and filling vacancies. Committee members may receive no compensation from the Company, other than for board or committee related service. All Committee members will be financially literate, and at least one member of the Committee will have accounting or related financial management expertise as determined by the Board and otherwise satisfy the criteria to be classified as an "Audit Committee Financial Expert" pursuant to Item 407(d)(5) of Regulation S-K promulgated by the Securities & Exchange Commission (the "SEC") and as it may be amended or revised from time to time. The Board will designate a Chairman for the Committee. The Committee may form and delegate authority to subcommittees when appropriate.

### **Statement of Policy and Purpose**

The Audit Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility to the stockholders and others relating to the integrity of the Company's financial statements and its financial reporting process, the systems of internal accounting and financial controls (including internal control over financial reporting and any internal audit function), the annual independent audit of the Company's financial statements, selection and performance assessment of the independent auditors, disclosure controls and procedures, the Company's compliance with legal and regulatory requirements, and its ethics programs as established by management and the Board, including but not limited to the Company's Code of Business Conduct and Ethics.

### **Authority, Powers and Responsibilities**

The primary responsibility of the Committee is to oversee the Company's accounting, financial controls and reporting processes and the audits of the financial statements of the Company. Consistent with the foregoing oversight responsibility, management is responsible for the preparation, presentation and integrity of the Company's financial statements and for maintaining appropriate accounting and financial reporting policies and practices and disclosure and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing the Company's financial statements. In carrying out its oversight responsibilities, the Audit Committee is not providing special assurance as to the Company's financial statements and legal and regulatory compliance or any professional certification as to the work of the independent auditors. As such, it is not the duty of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall promptly be reported to the Board of Directors), and (iii) representations made by management as to any non-audit services provided by the independent auditors.

The Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditors and the management of the Company.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of: (i) compensation to the independent auditors for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisor employed by the Committee in carrying out the Committee's functions and duties; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out the Committee's duties and functions.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The Committee may perform such other duties and responsibilities as are consistent with the Statement of Policy and Purpose and

as the Board or the Committee deems appropriate:

- Independent Auditors. The Committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Board and the Committee, as representatives of the Company's stockholders. The Committee shall have the sole authority and responsibility to hire, evaluate and, where appropriate, replace the independent auditors and, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors, including but not limited to the resolution of disagreements between management and the independent auditors regarding financial reporting, if any. The independent auditors shall report directly to the Committee. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditors and shall evaluate the auditors' independence, including whether the auditors' performance of permissible non-audit services is compatible with their independence. As part of this evaluation, the Committee shall ensure the receipt, review, consideration and discussion of a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Company, its management and directors, as well as all written disclosures from the independent auditors required by applicable requirements of the Public Accounting Oversight Board (the "PCAOB") regarding the independent auditors' communications with the Committee concerning independence. The Committee shall actively engage in dialogue with the independent auditors concerning any disclosed relationships or services that might impact the objectivity and independence of the independent auditors. At least annually, the Committee will also evaluate the qualifications and performance of the Company's current independent auditors, including the lead audit partner and other audit partners assigned to the engagement, as appropriate, and select the Company's independent auditors for the next year. The Committee shall also discuss with the independent auditors the required communications to be provided by the independent auditors pursuant to PCAOB requirements.
- Audit Services. The Committee shall discuss with the independent auditors the overall scope and plans for their audit including their responsibility and the adequacy of staffing and compensation. The Committee shall approve in advance all audit review, attest and internal control-related fees and the terms of all audit services to be provided by the independent auditors.
- Permissible Non-Audit Services. The Committee shall establish policies and procedures for the engagement of the independent auditors to provide permissible non-audit services, which shall include pre-approval of permissible non-audit services to be provided by the independent auditors (provided, however, that de minimis non-audit services may instead be approved in accordance with applicable SEC rules). For all permissible non-audit services outside of pre-approval guidelines, the Committee shall approve in advance all permissible non-audit services to be provided by the independent auditors.
- Interim Financial Statements; Financial Presentations; Earnings Releases. Members of the Committee shall review: the interim financial statements and the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, prior to the filing of the Company's Quarterly Reports on Form 10-Q; and financial statement presentations or non-GAAP financial measure presentations included in the Company's Current Reports on Form 8-K prior the filing of any such Form 8-K. The Committee will review the Company's policies and procedures with respect to earnings releases, financial information and earnings guidance provided to analysts and rating agencies. In addition, the Committee shall review each earnings release prior to issuance on a quarterly basis at a regularly scheduled meeting of the Committee. The Committee will discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- Review of Annual Audited Financial Statements. The Committee shall review with management and the independent auditors the financial statements to be included in the Company's Annual Report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of the Form 10-K), including: (a) their judgment about the quality, not just acceptability, of the Company's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (b) the clarity of the disclosures in the financial statements; and (c) the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, including critical accounting policies.

The Committee will also review with management and the independent auditors: (a) major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application of accounting principles; (b) major issues regarding the adequacy of internal controls and steps taken in light of material deficiencies; and (c) the effects of alternative accounting methods and regulatory and accounting initiatives on the financial statements.

The Committee will also review the results of the annual audit and any difficulties the independent auditors encountered in the course of their audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with management. The Committee will also discuss any other

matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, and the annual report on internal controls by the Chief Executive Officer and Chief Financial Officer, as received by the independent auditors.

Based on these reviews, other factors in this Charter and any other matters it deems appropriate, the Committee will make a recommendation to the Board as to whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

- **Risk Assessment and Risk Management.** The Committee will review and discuss with management and the independent auditors, the Company's policies with respect to risk assessment and risk management.
- **Internal Controls: Disclosure Controls and Procedures.** The Committee will review and discuss with management and the independent auditors, the Company's internal controls. The Committee will review and discuss the Company's Disclosure Controls and Procedures, and the quarterly assessments of such controls and procedures by the Chief Executive Officer and Chief Financial Officer with the Company's Disclosure Controls and Procedures Committee.
- **Complaint Procedures.** The Committee shall establish procedures for the receipt, retention, treatment and disposition of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- **Compliance Programs: Conflicts of Interest.** The Committee will review and discuss with management and the independent auditors the adequacy and effectiveness of the Company's ethical compliance programs, including but not limited to the Company's Code of Business Conduct and Ethics Policy. The Committee shall conduct an appropriate review and oversight of all "related person transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K) for potential conflict of interest situations on an ongoing basis.
- **Report for Inclusion in Proxy Statement.** The Committee shall prepare any report or other disclosures required of the Committee to be included in the Company's Annual Definitive Proxy Statement for its Annual Stockholders' Meeting.
- **Hiring of Auditor Personnel.** The Committee shall review and approve hiring policies with regard to employees and former employees of the independent auditors, including but not limited to compliance with the NASDAQ Rules, all federal and all state laws and regulations applicable to public companies, as they may be applicable from time to time, as well as requirements of the Company's Corporate Governance Board Guidelines.
- **Internal Audit Function.** If NASDAQ Rules require the Company to establish and maintain an internal audit function (including any function that may be outsourced to a third-party service provider) to provide assessments of the Company's risk management process and system of internal control, or the Company otherwise establishes such an internal audit function, the Committee shall meet periodically with the internal auditors (or other personnel responsible for this function) and assist the Board in its oversight of the performance of this function. If the Company establishes an internal audit function, the Committee shall also discuss the responsibilities, budget and staffing of the internal audit function with the independent auditors.
- **Charter.** The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- **Annual Performance Evaluation.** The Committee shall annually review its own performance and report to the full Board or the Governance and Nominating Committee.
- **Investigative Authority.** In discharging its oversight role, the Committee is empowered to investigate any applicable subject matter for the Committee that is brought to its attention, with full access to all books, records, facilities and personnel of the Company, all at the expense of the Company. The Committee shall also have the power and authority to access the Company's outside counsel without the approval of management, as it determines necessary to carry out its duties.

### **Outside Advisors**

The Committee shall have the authority to retain such outside counsel, accountants, experts and any other advisors as it deems appropriate or necessary to assist the Committee in the performance of its duties and functions, all at the expense of the Company.

### **Meetings**

The Committee will meet as often as may be deemed necessary or appropriate in its judgment, at least four times each year, and at such times and places as the Committee shall determine. Special meetings (including telephone meetings) may be

called by the Chair or a majority of the members of the Committee upon advance notice to the other members of the Committee. The majority of the members of the Committee shall constitute a quorum. The Committee will meet separately, at least quarterly, with the independent auditors to discuss any matters that they wish to bring to the Committee's attention.

On a regular basis, each fiscal year, the Committee will also meet in executive sessions outside the presence of the Chief Executive Officer and other management personnel and at minimum, the Committee will meet in as many such executive sessions as necessary each fiscal year in order to comply with the NASDAQ Rules and any other federal or state statute or regulation applicable to the Company from time to time.

The Committee shall report to the Board with respect to its meetings, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and the performance and/or independence of the Company's independent auditors.

### **Charter Adoption and Amendments**

The Company's initial Charter was adopted on August 11, 1999, and was amended and restated on December 10, 2003, June 6, 2006, June 6, 2007, June 11, 2008, June 10, 2009, June 8, 2011, June 6, 2012 and June 5, 2013, resulting in this Charter.