



NUVANCE HEALTH INTERNAL AUDIT CHARTER¹

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I. Purpose

The purpose of the internal audit function is to strengthen Nuvance Health's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.²

The internal audit function enhances Nuvance Health's:³

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

¹ The *Nuvance Health Internal Audit Charter* was developed, in pertinent part, from the Institute of Internal Auditor's ("IIA") Global Internal Audit Standards Model Internal Audit Charter (March 2024).

² See IIA, Global Internal Audit Standards, Domain I Purpose of Internal Auditing.

³ See id.



Nuvance Health’s internal audit function is most effective when:⁴

- Internal auditing is performed by competent professionals in conformance with The IIA’s Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Nuvance Health’s internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive (“CAE”) will report annually to the Nuvance Health Audit and Compliance Committee of the Board of Directors (“ACC”) and senior management regarding the internal audit function’s conformance with the Standards, which will be assessed through a quality assurance and improvement program.

II. Mandate

Authority⁵

Nuvance Health’s ACC grants the internal audit function the mandate to provide the ACC and senior management with objective assurance, advice, insight, and foresight.

The internal audit function’s authority is created by its direct reporting relationship to the ACC. Such authority allows for unrestricted access to the ACC.

The ACC authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

⁴ See id.

⁵ See IIA Global Internal Audit Standards, Domain III Governing the Internal Audit Function, Principle 6 Authorized by the Board, Standard 6.1 Internal Audit Mandate.



- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Nuvance Health and other specialized services from within or outside Nuvance Health to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships⁶

The CAE (whose position is served by the Nuvance Health Chief Compliance, Audit and Privacy Officer ("CCAPO")) will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The CAE will report functionally to the Nuvance Health ACC and administratively (for example, day-to-day operations) to the Chief Executive Officer. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Nuvance Health ACC, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The CAE will confirm to the Nuvance Health ACC, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the CAE will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE will disclose to the Nuvance Health ACC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the CAE, Nuvance Health ACC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganization within the organization.

⁶ See IIA Global Internal Audit Standards, Domain III Governing the Internal Audit Function, Principle 7 Positioned Independently, Standard 7.1 Organizational Independence.



- Significant changes in the CAE, Nuvance Health ACC, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

III. Board Oversight

To establish, maintain, and ensure that Nuvance Health's internal audit function has sufficient authority to fulfill its duties, the Nuvance Health ACC will:⁷

- Discuss with the CAE and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the CAE has unrestricted access to, communicates, and interacts directly with the Nuvance Health ACC, including in private meetings without senior management present.
- Discuss with the CAE and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the CAE and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the CAE to consider changes affecting the organization, such as the employment of a new CAE or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.

⁷ See IIA Global Internal Audit Standards, Domain III Governing the Internal Audit Function, Principle 8 Overseen by the Board, Standard 8.1 Board Interaction.



- Approve the internal audit function's human resources administration and budgets.
- Approve the internal audit function's expenses.
- Collaborate with senior management to determine the qualifications and competencies the organization expects in a CAE, as described in the Global Internal Audit Standards.
- Authorize the appointment and removal of the CAE.
- Review the CAE's performance.
- Receive communications from the CAE about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate.

The Nuvance Health Executive Compensation Committee of the Board of Directors, in consultation with the Chair of the Nuvance Health ACC, will approve the remuneration of the CAE.

IV. Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The CAE will ensure that internal auditors:⁸

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

⁸ See IIA Global Internal Audit Standards, Domain II Ethics and Professionalism, Principle 1 Demonstrate Integrity, Standard 1.1 Honesty and Professional Courage, Standard 1.2 Organization's Ethical Expectations, Standard 1.3 Legal and Ethical Behavior.



- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.⁹

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:¹⁰

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Nuvance Health or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Nuvance Health employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

⁹ See IIA Global Internal Audit Standards, Domain II Ethics and Professionalism, Principle 2 Maintain Objectivity, Standard 2.1 Individual Objectivity.

¹⁰ See IIA Global Internal Audit Standards, Domain II Ethics and Professionalism, Principle 2 Maintain Objectivity, Standard 2.2 Safeguarding Objectivity.



- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the CAE, Nuvance Health ACC, management, or others.¹¹
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The CAE has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Nuvance Health ACC and senior management. Discuss the plan with the Nuvance Health ACC and senior management and submit the plan to the Nuvance Health ACC for review and approval.¹²
- Communicate the impact of resource limitations on the internal audit plan to the Nuvance Health ACC and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Nuvance Health's business, risks, operations, programs, systems, and controls.
- Communicate with the Nuvance Health ACC and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit

¹¹ See IIA Global Internal Audit Standards, Domain II Ethics and Professionalism, Principle 2 Maintain Objectivity, Standard 2.3 Disclosing Impairments to Objectivity.

¹² See IIA Global Internal Audit Standards, Domain IV Managing the Internal Audit Function, Principle 9 Plan Strategically, Standard 9.4 Internal Audit Plan.



services to the Nuvance ACC and senior management periodically, but in no case less than quarterly, and for each engagement as appropriate.¹³

- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.¹⁴
- Identify and consider trends and emerging issues that could impact Nuvance Health and communicate to the Nuvance Health ACC and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.¹⁵
- Ensure adherence to Nuvance Health's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Nuvance Health and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Nuvance Health ACC.¹⁶

In developing the risk-based audit plan, the CAE shall, at the minimum, consider:

- High-level and specific organizational objectives and the strategies used to achieve them.
- Internal sources of risk including but not limited to information provided by the Nuvance Health Executive Compliance Committee, disclosures made to the Compliance Office through the Hotline or other communication lines, exit

¹³ See IIA Global Internal Audit Standards, Domain V Performing Internal Audit Services, Principle 15 Communicate Engagement Results and Monitor Action Plans, Standard 15.2 Confirming the Implementation of Recommendations or Action Plans

¹⁴ See IIA Global Internal Audit Standards, Domain IV Managing the Internal Audit Function, Principle 10 Manage Resources, Standard 10.2 Human Resources Management.

¹⁵ See IIA Global Internal Audit Standards, Domain IV Managing the Internal Audit Function, Principle 9 Plan Strategically, Standard 9.3 Methodologies.

¹⁶ See IIA Global Internal Audit Standards, Domain IV Managing the Internal Audit Function, Principle 9 Plan Strategically, Standard 9.5 Coordination and Reliance.



interviews of Nuvance Health workforce members, and results of routine operational monitoring.

- External sources of risk including but not limited to professional organization publications and seminars, OIG-issued guidance, consultants, competitors, or news media.
- Input from key stakeholders using personal interviews and written surveys. Key stakeholders are comprised of the Nuvance Health ACC and senior management.
- Opportunities that should be exploited or otherwise pursued to achieve organizational objectives.
- Information technology risks.
- Fraud risks.
- Environmental, social and governance risks.
- The following Federal healthcare program-related risk areas:¹⁷
 - Billing cycle (medical record documentation, coding, billings, claims preparation and submission, payments, claims reimbursement, patient collections, cost reporting).
 - Ordered services.
 - Medical necessity and quality of care.
 - Credentialling.
 - Mandatory reporting (including the self-disclosure and returning of overpayments).
 - Governance.
 - Contractor, subcontractor, agent, or independent contractor oversight.
 - Other risk areas that are or should be identified by Nuvance Health by way of organizational experience.

¹⁷ See 18 NYCRR § 521-1.4 [g][1][i]; see also 18 NYCRR § 521-1.3 [d] [1-10].



- Risks related to compliance with the Stark Law and Anti-Kickback Statute that may stem from business and financial contracts, agreements or other arrangements that generate Federal healthcare program business.¹⁸
- The results of internal and external audits.¹⁹
- The results of audits conducted by State or Federal governmental agencies of Nuvance Health.²⁰

Communication with the Board and Senior Management

The CAE will report periodically to the Nuvance Health ACC and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Nuvance Health ACC.
- Results of assurance and advisory services.
- Resource requirements.

¹⁸ See 18 NYCRR § 521-1.3 [d][10].

¹⁹ See 18 NYCRR § 521-1.4 [g][1][ii]

²⁰ See id.



- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Nuvance Health's risk appetite.

Quality Assurance and Improvement Program

The CAE will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.²¹

Annually, the CAE will communicate with the Nuvance Health ACC and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Nuvance Health; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.²²

CAE Roles Beyond Internal Auditing

CAE, in his/her role as CCAPO, may assume responsibilities and roles outside of the internal audit function such as, for example, serving as Chief Compliance and Privacy Officer, or the performance of activities related to enterprise-wide risk management, provided that:

- Safeguards are established to limit any impairments to the organizational independence of the Nuvance Health internal audit function or objectivity of the CAE.
- Any such additional roles shall report administratively to the CEO and functionally to the Nuvance Health ACC.

Conformance with this requirement may be demonstrated through the following:

²¹ See IIA Global Internal Audit Standards, Domain III Governing the Internal Audit Function, Principle 8 Overseen by the Board, Standard 8.3 Quality.

²² See IIA Global Internal Audit Standards, Domain III Governing the Internal Audit Function, Principle 8 Overseen by the Board, Standard 8.4 External Quality Assessment.



- CAE's roles and responsibilities as agreed with the CEO and the Nuvance Health ACC.
- Periodic revisions of the internal audit charter, which reflect the internal audit function's changing roles and responsibilities.
- Minutes of the Nuvance Health ACC meetings during which the CAE discloses any potential impairment to his/her independence or objectivity, and proposed safeguards to mitigate the risk of impairment to acceptable levels.

V. Scope and Types of Internal Audit Activities

The scope of internal audit services covers the entire breadth of the organization, including all Nuvance Health's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Nuvance Health ACC and management on the adequacy and effectiveness of governance, risk management, and control processes for Nuvance Health.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

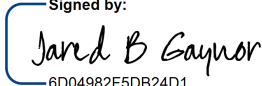


Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Nuvance Health's strategic objectives are appropriately identified and managed.
- The actions of Nuvance Health's officers, directors, management, employees, and contractors or other relevant parties comply with Nuvance Health's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.



- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Nuvance Health.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

VI. Approval/Signatures²³

<u>Approval</u>	<u>Date</u>
Signed by:  6D04982E5DB24D1	1/28/2025
Chief Audit Executive	
DocuSigned by:  DD3010397ZED445	1/28/2025
President & Chief Executive Officer	
Signed by:  F1B8658E47DC419	1/28/2025
Chair, Audit & Compliance Committee of the Nuvance Health Board of Directors	

²³ Note that, the Audit and Compliance Committee of the Nuvance Health Board of Directors adopted by unanimous vote, the *Nuvance Health Internal Audit Charter* at the Committee meeting held on January 23, 2025.