Internal Audit Department Charter
Tyler Technologies, Inc.
As Adopted July 27, 2021

Mission

The mission of Tyler Technologies Inc.’s (together with its subsidiaries, “Tyler” or the “organization”) Internal Audit Department is to provide independent, objective assurance and consulting services to the Audit Committee of the Board of Directors (Audit Committee) and Tyler in order to add value and improve Tyler’s operations and the quality and accuracy of Tyler’s financial and operational reporting.

Scope

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management process and internal control structure. It includes, but is not limited to:

- Reviewing the reliability, timeliness and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Reviewing specific operations at the request of the Audit Committee or management, as appropriate.
- Monitoring and evaluating the effectiveness of the organization’s risk management and internal control system, including the processes in place to verify that significant legislative or regulatory issues that impact the organization are recognized and addressed appropriately.
- Reviewing the quality of performance of external auditors and the degree of coordination with internal audit.
- Reviewing the internal control statement by senior management and the related opinion by the attest auditor for audit planning.

Opportunities for improving management control, profitability and the organization’s image may also be identified during audits. They will be communicated to the appropriate level of management.
Independence and Objectivity

To provide for the independence of the Internal Audit Department, the Vice President of Internal Audit shall report administratively to the Chief Financial Officer (CFO) and functionally to the Audit Committee. The Audit Committee will:

- Approve the compensation for the Vice President of Internal Audit in consultation with the Chief Human Resources Officer (CHRO) and CFO.
- Approve the internal audit department charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit budget and resource plan.
- Approve decisions regarding the appointment and removal of the Vice President of Internal Audit.

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to foster and maintain independence and objectivity in the performance of Internal Audit functions. If independence or objectivity is impaired in fact or appearance, the Vice President of Internal Audit will communicate the details of the impairment to the appropriate parties.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited. If the Vice President of Internal Audit accepts responsibilities outside of internal auditing, safeguards will be established to limit impairments to independence and objectivity.

The Vice President of Internal Audit will confirm to the Audit Committee at least annually, the organizational independence of the internal audit activity.

Authority

The Internal Audit Department is authorized to:

- Have unrestricted access to all Tyler records, physical locations, and personnel relevant to any function under review.
- Have full and free access to the Audit Committee.
- In consultation with the Audit Committee, and in accordance with the audit plan, allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the assistance of Tyler personnel as necessary to perform audits.

Internal Audit will handle documents and information given to it, as well as its work papers, reports and communications, as sensitive and confidential and safeguarded appropriately.
Responsibility

The Internal Audit department has a responsibility to:

- Develop a flexible audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to executive management and the Audit Committee for review and approval. Any significant deviation from the formally approved work schedule shall be communicated to executive management and the Audit Committee.
- Implement the audit plan, as approved, including any special tasks or projects requested by executive management and the Audit Committee.
- Issue periodic reports to the Audit Committee and executive management summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of suspected fraudulent activities within the organization and notify the Audit Committee and executive management of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Ensure any audit staff have the sufficient knowledge, skills and experience to meet the requirements of this charter.
- Manage co-sourcing arrangements to ensure resources are leveraged efficiently to achieve the requirements of this charter.
- Adhere to the Institute of Internal Auditor’s mandatory guidance including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (standards), in addition to Tyler policies and procedures.

Periodic Assessment

The Vice President of Internal Audit should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to executive management and the Audit Committee.

Quality Assurance and Improvement Program

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
The Vice President of Internal Audit will communicate to management and the Audit Committee on the internal audit activity’s quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.