

Versar, Inc.

Audit Committee Charter

I. PURPOSES OF THE COMMITTEE

The Audit Committee will assist the Board of Directors in fulfilling its oversight responsibilities related to the following:

- A. The financial reporting process, including the integrity of the Company's financial statements and systems of internal controls regarding finance and accounting, legal compliance and ethics, including compliance with the Company's code of conduct;
- B. The Company's process for monitoring compliance with legal and regulatory requirements;
- C. The qualifications and independence of the Company's independent auditors;
- D. Management of the Company's financial risk; and
- E. The performance of the Company's independent auditors and the structure and performance of any internal audit function.

In performing its duties, the Committee shall maintain effective working relationships with the Board of Directors, Management and any internal and the external auditors.

II. ORGANIZATION

The Audit Committee shall consist of at least three members of the Board of Directors who are independent from the management of the Company as required by the rules of the Securities and Exchange Commission ("SEC") and the NYSE Amex. All members of the Committee must comply with all financial literacy/sophistication requirements of the NYSE Amex and at least one member must qualify as an "audit committee financial expert" as defined by the SEC and determined by the Board of Directors.

III. DUTIES AND RESPONSIBILITIES

The Audit Committee is responsible for the following on the behalf of the Board of Directors:

- A. Retaining, terminating, determining compensation of and overseeing the work of independent auditors selected to audit the financial statements of the Company or to perform related work. In fulfilling such duties the Audit Committee shall have the authority to resolve disagreements between management

and the auditors. The independent auditors shall report directly to the Audit Committee.

- B. Reviewing the scope of the proposed annual audit for the current year and audit procedures to be applied and generally overseeing the auditing process.
- C. Exercising sole authority to review and give prior approval for any non-audit services to be performed by the independent auditors, consistent with rules and regulations of the SEC.
- D. Reviewing the methodology and effectiveness of the Company's disclosure controls and internal control over financial reporting. Reviewing with Management and the independent auditors their assessments of the adequacy of internal controls and the resolution of identified material weaknesses, significant deficiencies and reportable conditions in internal controls.
- E. Reviewing the Company's compliance with accounting and financial reporting requirements of the SEC.
- F. Reviewing the financial statements and audit results with Management and ascertaining that the independent auditors are satisfied with the acceptability and the quality of the Company's accounting principles, as applied, in the financial statements, and that the information contained in the reports filed with the SEC is consistent with the financial statements.
- G. Reviewing with Management and the independent public accountants the annual audit scope and approach, significant accounting policies, audit conclusions regarding significant accounting estimates/reserves and proposed fee arrangements for ongoing and special projects. The Audit Committee shall have sole authority to approve proposed fee arrangements.
- H. Meeting quarterly with the independent auditors to discuss the Company's quarterly and annual financial statements and related audit or review, including the independent auditor's findings and their interpretations of the findings.
- I. Reviewing the results of the completed audit, including any comments or recommendations by the independent auditors, and monitoring the implementation of any recommendations adopted by the Committee.
- J. Recommending to the Board of Directors whether the audited financial statements should be included in the

Company's annual report on Form 10-K. The Chairman of the Audit Committee shall report the findings of the Audit Committee on a quarterly basis to the Board of Directors.

- K. Meeting at least once a year with the independent auditors, separately, without any management representatives present, for the purpose of oversight of accounting and financial practices and procedures. In connection therewith, requesting and reviewing a written statement of the independent auditors delineating all relationships between the auditors and the Company, consistent with Independent Standards Board Standard 1.
- L. Investigating any matter brought to its attention within the scope of its duties.
- M. The Committee shall have the authority, and shall be provided with resources and funding requested, to retain independent counsel, accountants and others to assist it in its investigations or other matters as necessary to fulfill its duties.
- N. Reviewing and updating the Committee's Charter and activities during the year on an annual basis.
- O. Preparing a report for inclusion in the Company's proxy statement for its annual meeting of stockholders describing the activities in which it has engaged during the prior year pursuant to its Charter. The report will address all issues then required by the rules of the SEC.
- P. Considering such other matters in relation to the financial affairs of the Company and its accounts, and in relation to the internal and external audits of the Company, as the Audit Committee may, in its discretion, determine to be advisable.
- Q. Conducting an appropriate review of all proposed related party transactions as defined in rules of the SEC and the NYSE Amex to identify potential conflict of interest and disclosure situations. The Committee shall submit the related party transaction to the Board of Directors for approval by a majority of independent directors (excluding any director who is the subject of a related transaction) and implementation of appropriate action to protect the Company from potential conflicts of interest.
- R. Establishing procedures for the receipt, retention and treatment of complaints received by the Company

regarding accounting, internal control over financial reporting and auditing matters, including for the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing measures. The Committee shall periodically review such procedures to ensure they are effective and to ensure compliance by the Company with such procedures.

- S. Performing any other activities required by applicable law, rules or regulations, including the rules of the SEC, the NYSE Amex and any other stock exchange or market on which the Company's securities may be listed from time to time, and performing such other activities that are consistent with this Charter or the Company's Bylaws and governing laws as the Committee or the Board of Directors deem necessary or appropriate.
- T. Reporting to the Board of Directors after every meeting it holds or at least annually, unless the Chairman of the Board and the Board determine otherwise.

IV. MEMBERSHIP – APPOINTMENT AND REMOVAL

- A. The members of the Audit Committee and the Chair of the Audit Committee shall be appointed by the Board of Directors at the annual organizational meeting of the Board following the annual meeting of stockholders, and they shall serve until their successors shall be duly appointed or until their early resignation or removal from the Committee, including pursuant to paragraph B below. If the Board fails to designate a Chair, the members of the Committee shall designate a Chair by majority vote by the full Committee membership.
- B. A Committee member shall be automatically removed without further action of the Board if the member ceases to be a director of the Company or is found by the Board to no longer be an "independent director" as required by this Charter.
- C. Committee members may otherwise be removed or replaced by a vote of the Board upon recommendation of the Nominating & Governance Committee.

V. MEETINGS

- A. Except as otherwise provided by this Charter or by

applicable laws or regulations, as amended from time to time:

1. A majority of the members of the Committee entitled to vote, either present in person or by means of remote communication, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the Committee, and
 2. All actions of the Committee shall be by affirmative vote of a majority of those members so determined to be present or represented by proxy.
- B. The Committee shall have full authority to delegate any of its duties under this Charter to any subcommittee formed by the Board or the Committee, or to the Chair of the Committee, so long as such delegation is consistent with the rules and regulations of the SEC and the NYSE Amex.
- C. The Committee shall meet for regular standing meetings four times per year, and at other times as required.

Adopted by the Versar Board of Directors on May 10, 2012