

**CHARTER OF THE
AUDIT COMMITTEE OF
LEGAL SERVICES CORPORATION**

I. Establishment

On March 24, 2008, the Board of Directors (“Board”) of the Legal Services Corporation (“LSC” or “Corporation”) established, as a standing committee of the Board, a committee to be known as the Audit Committee (the “Committee”), and adopted this as the Committee’s Charter.

II. Purposes

The purpose of the Committee shall be to assist the Board in fulfilling its responsibility to ensure that the Corporation’s assets are properly safeguarded; to oversee the quality and integrity of the Corporation’s accounting, auditing, and reporting practices; and to perform such other duties as assigned by the Board.

III. Membership

The Chairman of the Board (“Chairman”) shall appoint at least three Directors other than the Chairman to serve on the Committee. The Chairman shall appoint the Chair of the Audit Committee from among these Directors. Three Committee members will be required in order to constitute a quorum. No member of the Committee may be an officer or employee of the Corporation. To the extent practicable, Members of the Committee should have at least a basic understanding of finance and accounting, be able to read and understand fundamental financial statements, and understand the Corporation’s financial operations and reporting requirements.

IV. Terms

Members of the Committee shall serve for a term of one year, or until their earlier resignation, replacement or removal from the Committee or Board.

V. Meetings

The Committee:

- (1) shall meet at least four times per calendar year, but may meet more frequently at the call of any member of the Committee;
- (2) may adopt procedural rules that are not inconsistent with this Charter, the Corporation’s Bylaws, or the laws to which the Corporation is subject.

VI. Resources

All offices, divisions and components of the Corporation (“Management”), including the Office of Inspector General (“OIG”) shall cooperate with all requests made by the Committee for information and support. The Committee shall be given the resources necessary to carry out its responsibilities.

VII. Authority

The Committee:

- (1) unless otherwise directed by the Board, shall oversee the selection and retention of the external auditor (“External Auditor(s)”) by the Inspector General (“IG”) of the Corporation;
- (2) shall have unrestricted access to the Corporation’s books, records, facilities, personnel, and External Auditor(s);
- (3) is authorized to carry out the duties and responsibilities described in this Charter, as well as any other activities reasonably related to the Committee’s purposes or as may be directed by the Board from time to time;
- (4) may delegate authority to one or more designated members of the Committee;
- (5) may rely on the expertise and knowledge of Management, the OIG, External Auditor(s), and such consultants and experts that the Board approves for carrying out its oversight responsibilities;
- (6) may authorize to be conducted, or itself conduct, reviews into any matters within the scope of its responsibilities; and
- (7) may require any person, including the External Auditor or any officer or employee of the Corporation, to attend Committee meetings or to meet with any member(s) of or advisor(s) to the Committee.

VIII. Duties and Responsibilities

The Committee:

- (1) shall review with Management, the OIG, and the Corporation’s External Auditor(s) the contemplated scope and plan for LSC’s required annual audit;
- (2) shall review and discuss with the External Auditor(s), the OIG, and Management the annual audit report and results of the External Auditor’s year-end audit, including any problems or difficulties encountered by the

External Auditor(s); the OIG and the Management's response to any audit findings, and any areas of significant disagreement between Management, the OIG, and the External Auditor(s); and any recommendations of the External Auditor(s);

- (3) shall in concert with the OIG annually review and confirm the independence of the External Auditor(s);
- (4) shall review with the OIG its internal audit responsibilities, sanctions, and performance; its internal audit plan and the risk assessment that drives its internal audit plan; and the effectiveness of its internal audit plan and activities;
- (5) shall consult with the IG as to an appropriate approach regarding communications and meetings between the Committee and the OIG;
- (6) shall confirm the existence of appropriate monitoring of LSC's internal controls preventing or disclosing activities prohibited by statute, regulations or applicable circulars of the Office of Management and Budget;
- (7) shall, in conjunction with the Board's Finance Committee, review, monitor, and evaluate the effectiveness and execution of the Corporation's policies and procedures with respect to identifying and managing financial and other risk exposures, and to assess the steps Management has taken to identify and control such risks to the Corporation;
- (8) shall review Management representation letters or certifications and the LSC Finance Committee chairperson's letters or certifications regarding the contents, accuracy, or completeness of financial reports, as appropriate;
- (9) shall establish procedures for the receipt, retention, and treatment of complaints or expressions of concern regarding accounting, internal controls and auditing issues, and which procedures should provide for the anonymity and confidentiality of such communications from employees;
- (10) shall review and discuss with the OIG all significant matters relative to their financial audits and conduct of financial audits performed by the OIG, including any problems the OIG encountered while performing their audits;
- (11) shall ensure that significant findings and recommendations made by the OIG and External Auditor(s) are addressed and, where appropriate, implemented by Management and/or the Board on a timely basis;
- (12) shall report to the Board at least twice per calendar year and on such other occasions as requested to do so by the Board;

- (13) shall review all regulatory and internal control matters that may have a material effect on the Corporation's financial statements;
- (14) shall periodically assess the Committee's performance under the Charter, reassess the adequacy of the Charter, and report to the Board the results of the evaluation and any recommendations for proposed changes to the Charter;
- (15) shall review any significant deficiencies in internal control over financial reporting identified by Management, the IG, or the External Auditor(s) and ensure that corrective action is taken by Management; and
- (16) shall perform such other duties, consistent with this Charter, as are delegated to the Committee by the Board.

IX. Limitations

- (1) Nothing contained in this Charter is intended to expand the applicable standards of liability under statutory or regulatory requirements for the Board or its Directors.
- (2) Members of the Committee are entitled to rely on the expertise, knowledge, and judgment of Management, the Inspector General, and the External Auditor(s) and any consultant or expert retained by them. The Committee's responsibilities are not to be interpreted as a substitute for the professional obligations of others.
- (3) It is not the duty of the Committee to conduct audits or to determine that the Corporation's financial statements are in accordance with generally accepted accounting principles, generally accepted government auditing standards (the "Yellow Book") and other applicable rules, regulations, guidelines and instructions. These are the responsibilities of the OIG, the External Auditor(s) and Management.
- (4) Nothing contained in this Charter shall be construed as circumscribing the authority of the Inspector General under the Inspector General Act or is intended to restrict the authority of the Inspector General to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the Corporation.