



BOARD OF DIRECTORS

Legal Services Corporation  
America's Partner For Equal Justice

## RESOLUTION

### REVISING THE BOARD'S AUDIT COMMITTEE CHARTER

**WHEREAS**, on March 24, 2008, the Board of Directors ("Board") of the Legal Services Corporation ("LSC" or "Corporation") established an Audit Committee as a standing committee of the Board;

**WHEREAS**, the Audit Committee's Charter has been in place since adoption by the Board in 2008, and the Audit Committee has carefully studied and assessed the various provisions of the Charter to determine whether any revisions would be appropriate and result in improvements to the Charter;

**WHEREAS**, based on its assessment, the Audit Committee has recommended specific revisions to the Charter; and

**WHEREAS**, the Board has considered the revisions recommended by the Audit Committee and determined that they are warranted and would improve the Charter;

**THEREFORE, BE IT RESOLVED** that the Board hereby adopts the attached revised Audit Committee Charter, to be effective immediately.

Adopted by the Board of Directors  
on October 1, 2012

A handwritten signature in black ink, appearing to read "John G. Levi".

John G. Levi  
Chairman

A handwritten signature in black ink, appearing to read "Victor M. Fortuno".

Victor M. Fortuno  
Vice President for Legal Affairs,  
General Counsel & Corporate Secretary

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

(Amended by the LSC Board of Directors on and effective as of on October 1, 2012)

**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").

**II. Purposes**

The purpose of the Committee shall be: (1) to assist the Board in fulfilling its responsibility to ensure that the Corporation's assets are properly safeguarded and to oversee the quality and integrity of the Corporation's accounting, auditing, and reporting practices; and (2) 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. The Board may appoint non-Directors as members of the Committee. 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; and
- (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 including the confirmation of the independence of external auditor;
- (2) shall have unrestricted access to the Corporation’s books, records, facilities, personnel, and External Auditor(s) except, with regard to confidential information in the possession of the OIG that it is prohibited by law from sharing with the Board;
- (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**

### *A. Audits and Audit Related Matters*

The Committee shall:

- (1) review and discuss with Management, the OIG, and the Corporation's External Auditor(s) the contemplated scope and plan for LSC's required annual audit;
- (2) 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); any response by Management or the OIG 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) review and discuss with the OIG its audit responsibilities and performance; its audit plan for the Corporation and the risk assessment that drives its audit plan; and the effectiveness of its audit plan and activities; and provide the OIG with any recommended audits that would assist the Committee or the Board of Directors;
- (4) review and discuss with the OIG all significant matters relative to audits performed by the OIG, including any problems the OIG encountered while performing their audits;
- (5) review and discuss with Management and the Board the Corporation's response to and, where appropriate, timely implementation of, significant findings and recommendations made by the OIG and External Auditor(s); and
- (6) review and discuss with Management any internal audit or review activities, including its audit or review plan, its audit or review reports, and the performance of those portions of Management that perform audits or reviews.

### *B. Financial Reporting*

The Committee shall:

- (1) 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;
- (2) review all issues identified and brought to the Committee's attention by Management, the OIG, the GAO or the External Auditor that may have a material effect on the Corporation's financial statements; and

- (3) review any significant deficiencies in internal control over financial reporting identified by Management, the OIG, or the External Auditor(s) and ensure that corrective action is taken by Management.

*C. Risk Management*

The Committee shall:

- (1) review LSC's system of internal controls that are designed to minimize the risk of fraud, theft, corruption, or misuse of funds, including by receiving information;
  - a. from Management about whether internal controls performed by Management are operating properly;
  - b. from OIG about whether its investigations function, audit function, and compliance function are operating properly; and
  - c. from Management and OIG about whether there is proper coordination and communication between them regarding their respective operations designed to minimize the risk of fraud, theft, corruption, or misuse of funds;
- (2) ensure that its review of the OIG's investigations function occurs in a manner that does not compromise the OIG's independence or the confidentiality of its investigations;
- (3) consult with the Inspector General as to an appropriate approach regarding communications and meetings between the Committee and the OIG;
- (4) review any concerns expressed regarding any impediments to the independence of the OIG;
- (5) confirm that there is a proper confidential mechanism in place for individuals to make complaints, anonymously if desired, regarding suspected fraud, theft, corruption, or misuse of funds, or problems involving internal controls, auditing, or accounting, and that there are proper procedures in place for the receipt, retention, and handling of such complaints; and
- (6) review LSC's, including training and education efforts, to help ensure that LSC employees and grantees act ethically and safeguard LSC funds.

*D. Other Duties and Responsibilities*

The Committee shall:

- (1) report to the Board at least four times per calendar year and on such other occasions as requested to do so by the Board;
- (2) 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; and
- (3) perform such other duties, consistent with this Charter, as are assigned 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 limiting 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.
- (5) Nothing contained in this Charter shall be construed as authorizing the Committee to exercise the powers of the Board of Directors.