



AUDIT COMMITTEE CHARTER

(As adopted by the Board of Directors of VSE Corporation on October 29, 2019)

1. **Role.** The role of the Audit Committee (the "Committee") is to provide assistance to the Board of Directors in fulfilling its responsibility to oversee: (a) the integrity of the Company's financial statements; (b) the effectiveness of the Company's internal control over financial reporting; (c) the Company's compliance with relevant and applicable legal and regulatory requirements; (d) the qualification, selection, retention, independence, performance and compensation of the Company's independent registered public accounting firm ("Auditors"); (e) the performance of the Company's internal audit and accounting and financial reporting processes; (f) oversight of the process for enterprise risk management, to include cyber risk; and (g) the performance of any such other duties as are enumerated in and consistent with this Charter.
2. **Membership.** The Committee's membership will consist of three or more directors, each of whom shall be independent, as such term is defined in the applicable rules of the Securities and Exchange Commission ("SEC") and The Nasdaq Stock Market, Inc. ("Nasdaq") and the Board shall affirmatively determine that each Committee member has such independence and no relationship that, in the Board's opinion, would interfere with his or her independent judgment. Each Committee member shall, at the time of his or her appointment to the Committee, be able to read and understand fundamental financial statements, including the balance sheet, income statement, and cash flow statement. At least one Committee member shall be an "audit committee financial expert" as such term is defined by applicable SEC requirements and, as required by applicable Nasdaq rules, have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Board shall appoint the chairperson and all Committee members.
3. **Operations.** The Committee will meet at least four times a year. Additional meetings may occur as the Committee or its chair deem advisable. The Committee will keep minutes of its proceedings and will report its actions to its next meeting. Additionally, the Committee shall report regularly to the Board of Directors about its activities. The Committee will be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision hereof, (b) any provision of the Company's certificate of incorporation or bylaws, or (c) the laws of the State of Delaware. On at least a quarterly basis the Committee will meet separately in executive sessions with representatives of its independent auditors and its internal audit department.

4. **Authority.**

- a) The Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants, as it deems appropriate. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Committee will take all necessary or appropriate action to preserve the privileged nature of those communications.
- b) The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
- c) Except as may otherwise be specifically authorized herein or required by the federal securities laws or Nasdaq rules, the Committee is not authorized to bind the Board or VSE without the Board's prior approval set forth in a duly adopted resolution approved by a majority of the Board members who are independent as defined by Nasdaq Rule 4200(a)(15) as currently in effect.

5. **Responsibilities.** The Committee's principal responsibilities and functions are to review and provide guidance to the Board and management in respect of the principal financial reporting and audit policies of the Company, including:

Independent Auditors

- a) Responsibility for the qualification, selection, retention, independence, performance and compensation of the Auditor.
- b) Regularly reviewing with the Auditor any problems or difficulties encountered in connection with performance of the audit, including restrictions on the scope of activities, access to requested information, and disagreements with management. In connection with such review, the Committee should focus on any accounting adjustments noted or proposed by the Auditor that were not adopted by management; communications between the Auditor and their national office regarding auditing or accounting issues arising in connection with the engagement; and any management or internal control letter issued, or proposed to be issued, by the Auditor that is in addition to the its audit report on the effectiveness of internal control over financial reporting.
- c) Responsibility for the adoption of an Auditor non-audit services policy and approval of all audit and non-audit services provided by the independent auditor, including specific preapproval of internal control–related services based on PCAOB Rule 3525, and shall receive certain disclosure, documentation and discussion of non-prohibited tax services by the independent auditor based on PCAOB Rule 3524..
- d) An annual review, in connection with the Committee's determination of the Auditor's qualifications, performance and independence, of a report from the Auditor describing: (i) the Auditor's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the Auditor, or any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditor, and any steps taken

to address any such issues; and (iii) all relationships between the Auditor and the Company to assess the Auditor's independence.

- e) Obtaining from the Auditors a formal written statement delineating all relationships between the Auditors and the Company, consistent with PCAOB Rule 3526, and actively engage in a dialogue with the Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors and taking, or recommending that the full Board take, appropriate action to oversee the independence of the Auditors, and
- f) Determine that the Auditor has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.

Financial Statements

- g) Responsibility for discussion and recommendation of audited financial statements and quarterly financial statements, including review of "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Committee shall also discuss the results of the quarterly review and other matters required to be communicated to the Committee by the independent auditor under the applicable professional standards.
- h) Responsibility for discussion and recommendation regarding the quarterly earnings press release;
- i) At least annually, review and discuss a report of the Auditor regarding (i) all critical accounting policies and practices to be used; (ii) all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with Company management, including the ramifications of the use of such alternative treatments and the treatment preferred by the Auditor; and (iii) other material written communications between the Auditor and Company management (such as the management letter or a schedule of unadjusted differences.)
- j) Responsibility for reviewing management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent auditor's related report.

Internal Auditor

- k) Receive reports from internal auditor on the status of significant findings and recommendations, and management's responses.

Disclosures and Related Matters

- l) Reviewing the Company's guidelines and policies with respect to risk assessment and risk management, specifically the Company's risk exposures in the areas of financial reporting and internal controls and disclosure controls, and evaluating the steps management has taken to identify, monitor and control such exposures.
- m) Serving as the clearinghouse on behalf of the Board to assess appropriate Committee oversight for risk assessment and management situations that either do not clearly fall within the purview of any individual Board committee or may involve two or more Board committees.

- n) Providing oversight for risk management, including developments related to the Company's cyber security program and social media platforms. Some of these risks may be identified and directed to the full Board or other committees as appropriate.
 - o) Providing oversight in respect of Securities Exchange Act Section 10A(b) discovery of illegal acts, conflicts of interest and ethical conduct review.
 - p) Establishing procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting, auditing matters, or alleged fraud.
 - q) Preparation of the Committee report included in the Company's annual Proxy Statement.
- Other Matters***
- r) Reviewing and reassessing the adequacy of this Charter on an annual basis; and
 - s) Reviewing other financial reporting or audit issues that the Board or management desires to have reviewed by the Committee.
 - t) The Committee shall conduct an annual self-assessment.

While the matters set forth in clauses 5(a), (b), (c), (f), (g), (h), (i) (k) (p) and (s) above shall be the exclusive responsibility of the Committee, the Committee should periodically consult with the Board in respect of such matters.

- 6. **Funding.** The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a Board committee, for payment of:
 - a) Compensation to any advisers employed by the Committee under section 4(a) above.
 - b) Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 7. **Availability of Charter.** VSE shall post the text of this Charter on its Internet website so that it is available for stockholders.