

1/18/05

LYNX BOARD AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee's primary function is to assist the LYNX Board in fulfilling its oversight responsibilities by reviewing the financial information, systems of internal controls which Management has established, and the audit process. In so doing, it is the responsibility of the Audit Committee to provide an open avenue of communication between the LYNX Board, Management and the external auditors. The Audit Committee is provided specific authority to make recommendations to the Chief Financial Officer, the Executive Director and the LYNX Board.

Organization

The Audit Committee shall be a committee of the LYNX Board and its members shall include all members of the LYNX Board. Any member of the Board may elect to be represented by a designee from its jurisdiction or agency provided, however, that no designee shall be entitled to vote on any action of the Audit Committee. Quorum for an Audit Committee meeting shall be three (3) voting members of the Committee present. Any action of the Committee shall be an act of the Audit Committee only upon a favorable vote by the majority of voting members at such meeting upon which such action is taken.

Responsibilities

In meeting its responsibilities, the Committee shall:

General

- Have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of Management and relevant information. The Committee may retain independent counsel, accountants or others to assist if in the conduct of any investigation. (Operating budget reserves may be used for these investigative costs if necessary.)
- Meet quarterly or as circumstances require.
- Report Committee actions to the LYNX Board with recommendations, as the Committee may deem appropriate.
- Review the Committee's formal Charter annually and update as needed.

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Scope of Responsibilities:

Internal Controls and Risk Assessment

- Review and evaluate the effectiveness of LYNX' process for assessing significant risks or exposures and the steps Management has taken to monitor and control such risks to LYNX. The Committee shall review any significant findings and recommendations of the external auditors together with Management's responses including the timetable for implementation of recommendations to correct any weakness in internal controls.
- Receive annual information from the external auditors regarding their independence, and if so determined by the Audit Committee, recommend that LYNX take appropriate actions to satisfy itself of the external auditor's independence.

Internal Audit

- Confirm and assure the independence and adequacy of resources for internal audit services.
- Review the annual internal audit plan and the focus on risk.

Consider and review with Management:

- Significant findings and Management's response including the timetable for implementation to correct weaknesses.
- Any difficulties encountered in the course of an audit such as restrictions on the scope of work or access to information.

Compliance with Laws, Regulations, and Code of Conduct

- Gain reasonable assurance that LYNX is in compliance with pertinent laws and regulations, is conducting its affairs in accordance with the Code of Conduct, and is maintaining effective controls against conflicts of interest and fraud.

Financial Reporting

- Review with Management and the external auditors at the completion of the annual examination:
 - Review communications from the external auditors in the audit planning process that are required by Government Auditing Standards.
 - The annual financial statements and related footnotes.
 - The external auditors' audit of the financial statements and their report.
 - Management's Certification of the financial statements.

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- Any significant changes required in the audit plan.
- Any difficulties or disputes with Management encountered during the audit.
- The organization's accounting principles.
- Other matters related to conduct that should be communicated to the Committee in accordance with Government Auditing Standards #61.
- Review with Management LYNX' financial performance on a regular basis.

External Auditor

- A member of the Audit Committee shall serve on the Selection Committee.
- Recommend to the LYNX Board the external auditors to be appointed and the related compensation.
- Review and approve the discharge of the external auditors.
- Review the scope and approach of the annual audit with the external auditors.
- Approval all non-audit services provided by the external auditors.