

**Charter of the Audit Committee  
Westaff, Inc.**

**Adopted as of February 17, 2004,  
as amended August 15, 2007**

**1. Authority and Purpose.**

The Audit Committee of Westaff, Inc. (the “*Company*”) is appointed by the Company’s Board of Directors (the “*Board*”) to oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. The Audit Committee (the “*Committee*”) shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. Such duties include monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor’s qualifications and independence, (3) the performance of the Company’s internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements. All powers of the Committee are subject to the restrictions designated in the Company’s Bylaws and applicable law.

**2. Statement of Policy.**

The Committee shall oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. In so doing, the Committee shall endeavor to maintain free and open means of communication between the directors, the independent auditors and the financial management of the Company. In addition, the Committee shall review the policies and procedures adopted by the Company to fulfill its responsibilities regarding the fair and accurate presentation of financial statements in accordance with generally accepted accounting principles and applicable rules and regulations of the Securities and Exchange Commission and the National Association of Securities Dealers (the “*NASD*”) applicable to issuers listed on the Nasdaq stock market (“*Nasdaq*”).

**3. Committee Structure and Membership.**

The Committee shall be comprised of three or more directors, as determined by the Board. The Committee members and the Committee Chairperson shall be designated by the Board, upon the recommendation of the Nominating and Corporate Governance Committee, and shall serve at the discretion of the Board. The Board of Directors will determine that each member of the Committee will meet the independence and financial literacy requirements of Nasdaq, including without limitation the requirements of Rule 4350(d)(2) of the Nasdaq stock market and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934 (the “*Act*”), subject to the exceptions provided in the Act and the Nasdaq Rules. Such provisions provide, among other things, that an “independent director” shall be one: (1) who does not accept (directly or indirectly) consulting, advisory or other compensatory fees from the Company other than in his or her capacity as a member of the Committee, the Board or any other committee of the Board, and is not otherwise an affiliated person of the Company; (2) who is free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director; (3) who meets the definition of

“independent director” provided by Rule 4200(a)(15) of the Nasdaq stock market; and (4) who has not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

Furthermore: (1) at least one member of the Committee shall be an “audit committee financial expert,” as defined by Regulation S-K, Item 401(h), under the Act; (2) each member of the Committee shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement, and (3) at least one member shall have past employment experience in finance or accounting, a professional certification in accounting or other comparable experience or background that results in the individual’s possessing the requisite financial sophistication, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities.

#### **4. Powers.**

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee’s scope of responsibilities. The Company will be empowered to engage, at such times and on such terms as the Committee determines in its sole discretion and at the Company’s expense, independent or special legal, accounting or other advisers as it determines necessary to carry out its duties and responsibilities as set forth herein. The Company will provide appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for the payment of: (1) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (2) compensation to any advisers employed by the Committee pursuant to this Charter; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall meet at least four times annually, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Committee may request any officer or employee of the Company or the Company’s outside legal counsel or outside auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee may meet with management, the outside auditors and others in separate private sessions to discuss any matter that the Committee, management, the outside auditors or such other persons believe should be discussed privately.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate or are in accordance with generally accepted accounting principles. Those tasks are the responsibility of management and the independent auditor. Furthermore, except as may be specifically provided in this Charter, it is not the responsibility of the Committee to conduct investigations, to resolve disputes (if any) between management and the outside auditors, or to assure compliance with laws or the Company’s various corporate compliance programs and related policies.

## 5. Responsibilities.

The Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Board and the Company's stockholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. In meeting its responsibilities, the Committee is expected to:

(a) Review and reassess, with the assistance of management, the outside auditors and outside legal counsel, the adequacy of this Charter annually.

(b) With respect to the Company's independent auditors:

- a. The Committee, in its capacity as a committee of the Board, is directly responsible for the appointment, compensation, retention and oversight of any registered public accounting firm engaged by the Company (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services to the Company. In this regard, the Committee shall appoint and retain, compensate, evaluate, and terminate, when appropriate each such registered public accounting firm, which must report directly to the Committee. The Committee shall preapprove all auditing services (including the provision of comfort letters) and non-audit services provided by the independent auditors to the Company, other than as may be allowed by applicable law. The Committee may delegate to one or more designated Committee members the authority to grant preapprovals required by the foregoing sentence. The decisions of any Committee member to whom authority is delegated hereunder shall be presented to the Committee at each of its scheduled meetings.
- b. Review, at least annually, the independence of the independent auditors, including a review of management consulting services, and related fees, provided by the independent auditors. The Committee shall require the independent auditors at least annually to provide a formal written statement delineating all relationships between the independent auditors and the Company consistent with the rules of the NASD applicable to Nasdaq listed issuers and consistent with Independence Standards Board Standard No. 1, and request information from the independent auditors and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the auditors in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the auditors.

(c) Review and concur with management on the scope and responsibilities of an internal audit department, if any, and on the appointment, replacement, reassignment or dismissal of an internal audit department manager or director.

(d) Review and discuss with management and the independent auditors, before release, the annual audited and quarterly financial statements of the Company, including: (a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical; (b) an analysis of the independent auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; and (c) major issues regarding the Company's accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentation. Review and discuss with management and the independent auditors, before release, the draft quarterly earnings releases and accompanying financial information. Make a recommendation to the Board whether or not the audited financial statements should be included in the Company's Annual Report on Form 10-K.

(e) In consultation with the independent auditors, the internal audit department, if any, and management, consider and review at the completion of the annual examinations and such other times as the Committee may deem appropriate:

- a. The Company's annual financial statements and related notes.
- b. The scope of the independent auditors' audit of the financial statements and the results of such audit including their report thereon.
- c. The independent auditors' reports regarding critical accounting policies, alternative treatments of financial information and other material written communications between the independent auditors and management.
- d. Any deficiency in, or suggested improvement to, the procedures or practices employed by the Company as reported by the independent auditors in their annual management letter.

(f) Periodically and to the extent appropriate or required under the circumstances or by applicable law or regulation, the Committee, with the assistance of the independent auditors, the internal audit department, if any, and/or management, shall consider and review the following:

- a. Any significant changes required in the independent auditors' audit plan.
- b. Any difficulties or disputes with management encountered during the course of the audit.
- c. The adequacy of the Company's system of internal financial controls, including the review and discussion of reports received from the independent auditor and management regarding the Company's internal

controls, any significant deficiencies in internal controls and any significant changes in internal controls.

- d. The effect or potential effect of any regulatory regime, accounting initiatives or off-balance sheet structures on the Company's financial statements.
- e. Any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
- f. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.

(g) Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as modified or supplemented.

(h) Obtain from the independent auditor assurance that it has complied with Section 10A of the Securities Exchange Act of 1934.

(i) Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

(j) Prepare a report in the Company's proxy statement in accordance with SEC requirements.

(k) Conduct an appropriate review of all transactions that will be required to be disclosed pursuant to Regulation S-K, Item 404 under the Act, in order to determine potential conflicts of interest, and all such ongoing transactions must be approved by the Committee.

(l) Perform other oversight functions as requested by the full Board.