

## **WILLDAN GROUP, INC.**

### **AUDIT COMMITTEE CHARTER As Revised June 3, 2010**

- 1. Purpose; Limitations on Duties.** The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Willdan Group, Inc. (the “Company”) is to oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and prepare the annual report of the Audit Committee required by applicable Securities and Exchange Commission (“SEC”) disclosure rules. In particular, the Audit Committee serves to assist the Board in its oversight of (1) the integrity of the Company’s financial statements and financial reporting, (2) the Company’s compliance with legal and regulatory requirements, (3) the qualifications and independence of the Company’s independent auditor, (4) the performance of the Company’s internal reporting functions, and (5) the Company’s disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and ethics.

The Committee will fulfill these responsibilities by carrying out the activities enumerated in Section 3 of this Charter. The Committee shall be given full and direct access to the Company’s Chairman of the Board, executive officers and independent accountants as necessary to carry out these responsibilities. However, the Committee’s function is one of oversight only and shall not relieve the Company’s management of its responsibilities for preparing financial statements which accurately and fairly present the Company’s financial results and condition, or the responsibilities of the independent accountants relating to the audit or review of financial statements.

- 2. Membership; Appointment; Financial Expert.** The Committee shall be comprised of three or more directors, each of whom will be independent as required by Section 10A(m) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), any rules and regulations promulgated thereunder by the Securities and Exchange Commission (the “SEC”), and the rules of the Nasdaq Global Market (subject to any exceptions allowed by such rules and any waivers granted by such authorities). No member of the Audit Committee can have participated in the preparation of the financial statements of the Company or any of its current subsidiaries at any time during the previous three years.

Each Audit Committee member must have a working familiarity with basic finance and accounting practices and have the ability to read and understand fundamental financial statements, including the Company’s balance sheet, statement of operations and cash flow statement. The Committee must include at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background that results in the individual’s financial sophistication, such as being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. If practicable, at

least one member of the Committee must qualify as an “audit committee financial expert” (as defined by the SEC). The Company will disclose in its annual report required by Section 13(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) whether or not it has at least one member who is an “audit committee financial expert”.

The members of the Committee will be appointed by and serve at the discretion of the Board, following the recommendations of the Company’s Nominating and Governance Committee. Committee members will be elected annually for a term of one year. Committee members may be removed at any time by a majority vote of the Board. Vacancies will be filled by majority vote of the Board. The Board will appoint the Chairperson of the Committee. If the Board does not appoint a Chairperson, the members of the Committee may designate a Chairperson by majority vote of the full Committee membership.

- 3. Specific Responsibilities and Duties.** The Board delegates to the Committee the express responsibility and authority to:

**3.1 Independent Auditor**

- (a) **Selection; Fees.** Be solely and directly responsible for the appointment, compensation, retention, evaluation, and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and, where appropriate, the termination and replacement of such firm. The Committee may consult with management in connection with such duties, but may not delegate such duties to management. Such independent auditor shall report directly to and be ultimately accountable to the Committee. The Committee has the ultimate authority to approve all audit engagement fees and terms, with the costs of all engagements to be borne by the Company.
- (b) **Audit Team.** Review the experience and qualifications of the senior members of the independent auditor’s team.
- (c) **Scope of Audit.** Review, evaluate and approve the annual engagement proposal of the independent auditor (including the proposed scope and approach of the annual audit).
- (d) **Lead Audit Partner Review, Evaluation and Rotation.** Review and evaluate the lead partner of the independent auditor. Ensure that the lead audit partner having primary responsibility for the audit and the reviewing audit partner of the independent auditor are rotated at least every five years and that other audit partners (as defined by the SEC) are rotated at least every seven years.

- (e) **Pre-Approval of Audit and Non-Audit Services.** Pre-approve all audit services and all non-audit services permitted to be performed by the independent auditor. Such pre-approval may be given as part of the Committee's approval of the scope of the engagement of the independent auditor or on an engagement-by-engagement basis or pursuant to pre-established policies. In addition, the authority to pre-approve non-audit services may be delegated by the Committee to one or more of its members, but such member's or members' non-audit service approval decisions must be reported to the full Committee at the next regularly scheduled meeting. The Company shall disclose in its Annual Reports on Form 10-K and its Quarterly Reports on Form 10-Q any approval of non-audit services during the period covered by the applicable report.
- (f) **Statement from Independent Auditor.** At least annually, obtain and review a report from the independent auditor describing:
  - (i) the independent auditor's internal quality-control procedures; and
  - (ii) any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board review of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues.
- (g) **Auditor Independence.**
  - (i) **Obtain Written Statement.** At least annually, obtain and review a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard No. 1.
  - (ii) **Engage in Active Dialogue.** Actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take, or recommend that the Board take, appropriate action to oversee the independence of the outside auditors.
- (h) **Hiring Policies.** Set clear hiring policies for employees and former employees of the independent auditor.
- (i) **Review Problems.** Review with the independent auditor any audit problems or difficulties the independent auditor may have encountered in the course of its audit work, and management's responses, including: (i) any restrictions on the scope of activities or access to requested information and (ii) any significant disagreements with management.

- (j) **Material Communications.** Discuss with the independent auditor any communications between the audit team and the independent auditor's national office regarding auditing or accounting issues that the engagement presented.
- (k) **Accounting Adjustments.** Discuss with the independent auditor any accounting adjustments that were noted or proposed by the independent auditor but were passed on.
- (l) **Management or Internal Control Letters.** Discuss with the independent auditor any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the Company.

### 3.2 Financial Reporting

- (a) **Annual Financials.** Review and discuss with management and the independent auditor, prior to the public release of such information, the Company's annual audited financial statements, (including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"), any unusual or non-recurring items, the nature and substance of significant reserves, the adequacy of internal controls and other matters that the Committee deems material. Obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act. Recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
- (b) **Quarterly Financials.** Review and discuss with management and the independent auditor the Company's quarterly financial statements (including the Company disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations"), the results of the independent auditor's reviews of the quarterly financial statements), and other matters that the Committee deems material prior to the public release of such information.
- (c) **Accounting Principles.** Review with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including any material changes in the selection or application of the principles followed in prior years and any items required to be communicated by the independent auditor in accordance with AICPA Statement of Auditing Standards ("SAS") 61, as amended or superseded.
- (d) **Judgments.** Review reports prepared by management or by the independent auditor relating to significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative generally accepted accounting principles ("GAAP") methods on the Company's financial statements and a

description of any transaction as to which management obtained an SAS 50 letter.

- (e) **Press Releases.** Prior to the release of such information, discuss earnings press releases and other similar public announcements with management (including the type and presentation of information to be included in earnings press releases), as well as financial information and earnings guidance provided to analysts and rating agencies.
- (f) **Regulatory and Accounting Developments.** Review with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

**3.3 Risk Management.** Discuss policies with respect to risk assessment and risk management periodically with management and the independent auditor, and the Company's plans or processes to monitor, control and minimize such risks and exposures.

**3.4 Financial Reporting Processes; CEO and CFO Certifications.**

- (a) **Internal and External Controls.** In consultation with the independent auditor and the Company's financial and accounting personnel, review the integrity, adequacy and effectiveness of the Company's financial reporting processes and accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
- (b) **Consider Changes.** Review major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- (c) **Reporting Systems.** Establish regular and separate systems of reporting to the Committee by each of (i) management and (ii) the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
- (d) **Reports from Independent Auditor.** Obtain and review timely reports from the independent auditor regarding:
  - (i) all critical accounting policies and practices to be used by the Company;
  - (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such

alternative disclosures and treatments, and the treatment preferred by the independent auditor; and

- (iii) all other material written communications between the independent auditor and management, including any management letter or schedule of unadjusted differences.

Such reports may be oral or in writing, but must be provided to the Committee before any auditor's report is filed with the SEC.

- (e) **CEO and CFO Certifications.** Discuss with the Chief Executive Officer and the Chief Financial Officer the processes involved in and any material required as a result of the Form 10-K and 10-Q certification process concerning deficiencies in design or operation of internal controls or any fraud involving management or employees with a significant role in the Company's internal controls.

### 3.5 Legal and Regulatory Compliance

- (a) **SEC Report.** Prepare the annual report to be included in the Company's annual report and/or proxy statement as required by the rules and requirements of the SEC.
- (b) **Reports from Others.** Obtain such reports from management, independent auditors, the general counsel, tax advisors or any regulatory agency as the Committee deems necessary regarding regulatory compliance (including securities trading policies), transactions with affiliates, and other legal matters that may have a material effect on the Company's financial statements and the consideration of those matters in preparing the financial statements.
- (c) **Code of Conduct; Waivers.** Approve and monitor the Company's compliance with a code of conduct or ethics required by applicable law or exchange listing standards and covering the conduct and ethical behavior of directors, officers and employees, and approve in advance any amendments to it or waivers of it for directors, executive officers and senior financial officers.
- (d) **Related Party Transactions.** Conduct an appropriate review of all proposed related-party transactions (which term refers to transactions that would be required to be disclosed pursuant to SEC Regulation S-K, Item 404). Management shall not cause the Company to enter into any new related party transaction unless the Committee approves such transaction.
- (e) **Complaints.** Establish 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 Company employees of concerns regarding questionable accounting or auditing matters.

### **3.6 Annual Evaluation of Committees and Charter.**

- (a) **Evaluation of Committee.** Annually evaluate the performance of the Committee.
- (b) **Review and Publication of Charter.** Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board, as appropriate, and publish this Charter as required by applicable law.

## **4. Reports to Board; Meetings, Minutes.**

- 4.1 Recommendations; Reports.** Regularly report to the Board on the Committee's activities, and its conclusions with respect to the independent auditor, and make appropriate recommendations to the Board.
- 4.2 Executive Sessions.** The Committee shall meet periodically (with such frequency as it determines) with each of the independent auditor and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately, including the Company's financial statements and related disclosures in respect of such financial statements made in the Company's periodic reports filed with the SEC.
- 4.3 Meetings.** The Audit Committee will meet at least once per calendar quarter, or more frequently as circumstances may dictate in order for it to carry out its duties and responsibilities and to act upon matters falling within its responsibility. A special meeting of the Committee may be called by the Chairperson or upon the request of any two or more Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated to each member prior to the meeting date. A majority of the total number of members of the Committee will constitute a quorum for the conduct of business at all Committee meetings and is empowered to act on behalf of the Committee. Unless the Committee or the Board adopts other procedures, the provisions of the Company's Bylaws applicable to meetings of Board committees or, if none, provisions of the Company's Bylaws applicable to meetings of the Board will govern meetings of the Committee. Reports of Committee meetings will be made to the Board at its next regular scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board approved by the Committee.
- 4.4 Minutes.** Minutes of each meeting will be kept.

5. **Subcommittees.** The Committee has the power to appoint subcommittees, but no subcommittee will have any final decision making authority on behalf of the Committee or the Board.
6. **Advisors and Counsel; Reliance; Investigations; Cooperation.**
  - 6.1 **Retention of Advisors and Counsel.** The Committee has the power, in its sole discretion, to obtain advice and assistance from, and to retain at the Company's expense, such independent or outside legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties, and in connection therewith to receive appropriate funding, determined by it, from the Company.
  - 6.2 **Determine Administrative Expenses.** The Committee has the power to determine the level and cost of ordinary administrative expenses necessary or appropriate in carrying out its duties, with such costs to be borne by the Company.
  - 6.3 **Reliance Permitted.** The Committee will act in reliance on management, the Company's independent auditor, and advisors and experts, as it deems necessary or appropriate.
  - 6.4 **Required Participation of Employees and Advisors.** The Committee shall have unrestricted access to the Company's employees, independent auditor, and internal and outside counsel, and may require any employee of the Company or representative of the Company's outside counsel or independent auditor to attend meetings of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors or experts.
7. **Rules and Procedures.** Except as expressly set forth in this Charter or the Company's Bylaws or Corporate Governance Policies and Practices, or as otherwise provided by law or the rules of the Nasdaq Global Market, the Committee shall establish its own rules and procedures.