

## **Audit Committee Charter**

As Amended and Restated by the Board of Directors on September 14, 2020

This Charter (the “*Charter*”) shall govern the operations of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Intrusion Inc., a Delaware corporation (the “*Company*”).

### **Purpose**

The purpose of this Charter is to assist and direct the Committee in performing the following primary responsibilities:

- Oversee (or assist the Board in overseeing), as appropriate, the integrity of the Company’s financial statements and the Company’s compliance with legal and regulatory requirements;
- Monitor the Company’s financial reporting processes and its internal audit function regarding finance and accounting;
- Select, appoint, compensate, oversee, evaluate (including the qualifications and independence of) and, where appropriate, replace the registered public accounting firm employed by the Company as its independent auditors to prepare or issue an audit report or related work and to cause such independent auditors to report directly to the Committee;
- Provide a forum for communication among the Board, the independent auditors, and financial and senior management of the Company, including the resolution of disagreements between management and the independent auditors regarding financial reporting and the establishment of procedures to handle complaints regarding accounting, internal audit control and auditing matters;
- Prepare the Committee’s report for inclusion in the Company’s annual proxy statement; and
- Report the results of its oversight responsibilities to the Company’s stockholders.

### **Membership**

The Committee shall consist of at least three members, comprised solely of directors who meet the independence and experience requirements of Nasdaq. Committee members shall be appointed by the Board and may be removed by the Board at any time. The Committee shall recommend to the Board, and the Board shall designate, the Chair of the Committee.

### **Meetings**

The Committee shall meet at least four times annually, and more frequently as circumstances dictate.

More specifically, the Committee shall meet:

- on a quarterly basis with management and the independent auditors to review the Company’s interim financial statements and quarterly earnings releases;
- at least annually with the Company’s independent auditors with respect to independence and quality control issues involving such auditors; and
- at least annually with the Company’s management and independent auditors with respect to the Company’s audited year-end financial statements.

The Committee shall periodically meet separately with the Company’s management, with its internal auditors (or other personnel responsible for the internal audit function) and with its independent auditors. Committee meetings and communications shall be either in person or by conference telephone call, videoconference or similar means. Except to the extent separate meetings are otherwise required, meetings with management, internal audit and the independent auditors may be either separate or combined at the discretion of the Committee. The majority of the members of the Committee shall constitute a quorum. Minutes shall be prepared for each meeting of the Committee, which minutes shall be submitted to the Committee for approval at a later meeting. The minutes of all meetings of the Committee shall be sent to the secretary of the Company for filing. The Committee will report its actions to the next meeting of the Board.

### **Authority; Accountability**

The Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Company and, for this purpose and any other purpose the Committee deems necessary to carry out its duties, to retain on behalf of the Committee outside counsel, accountants or other experts or advisors.

The independent auditors shall be ultimately accountable to the Committee. The Committee shall have ultimate authority and responsibility to select, appoint, compensate, oversee, evaluate and, where appropriate, replace the independent auditors. The Committee is ultimately accountable to the Board of Directors.

The Company shall provide appropriate funding, as determined by the Committee, for the payment of (1) compensation of the Company’s independent auditors for the purpose of rendering or issuing an audit report, (2) compensation to any advisors employed

by the Committee as provided in this Charter; and (3) ordinary administrative expenses that the Committee deems necessary or appropriate in carrying out its duties.

The Committee may delegate its authority to subcommittees or the Chair of the Committee when it deems it appropriate and in the best interests of the Company, including, without limitation, Subcommittees relating to Risk Oversight, CD&A Disclosure, Environmental, Social and Governance Policies and Practices, and Whistleblower Processes and Procedures, as the Committee shall so determine. Any subcommittees shall report to the Committee, which will then in-turn report to the Board.

## **Responsibilities**

The responsibilities of the Committee are set forth in this Charter. The responsibility of management is to prepare the Company's financial statements. The responsibility of the independent auditors is to audit those financial statements.

### *Financial Reporting Review*

The Committee shall, as it relates to interim financial information, review and discuss the Company's quarterly operating results with management and the independent auditors. If practicable, the review and discussion shall occur prior to release of the Company's operating results, but in any event it shall occur prior to filing of the Company's quarterly report on Form 10-Q with the SEC and the public release of any financial results. The Chairperson of the Committee may represent the entire Committee for purposes of this review and discussion.

The Committee shall, prior to distribution, review and discuss the quarterly financial statements of the Company with management and the independent auditors, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Controls and Procedures." If and when the Company is required or elects to provide "Compensation Discussion and Analysis" disclosure (the "CD&A Disclosure") in its filings with the SEC, the Audit Committee, or a sub-committee created for this purpose and with the appropriate delegation of such authority, shall be tasked with the responsibility to review and oversee not only the content, but the processes in place to generate the information required to be included in such CD&A disclosure.

The Committee shall, on a quarterly basis (and as of a date within 90 days prior to the filing of the Company's periodic reports on Form 10-K and Form 10-Q), review a report from the Company's Chief Executive Officer and Chief Financial Officer disclosing to the Committee:

- all significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and that such officers have identified for the Company's auditors any material weaknesses in such internal controls; and
- any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

The Committee shall, prior to distribution, review and discuss the annual audited financial statements of the Company with management and the independent auditors, with specific attention to those matters warranting discussion, including a review and discussion of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Controls and Procedures."

The Committee shall, based on the review and discussions described in other sections of this Charter, determine whether the audited financial statements of the Company be included in the Company's annual report on Form 10-K to be filed with the SEC.

The Committee shall prepare the Committee's report for inclusion in the Company's annual proxy statement.

The Committee shall review and discuss the report from the Company's independent auditors as to:

- all critical accounting policies and practices to be used;
- all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by such independent auditors;
- the effectiveness of the Company's internal controls in providing reasonable assurance that the financial statements and disclosures are fairly presented, comply with legal and regulatory requirements and provide timely detection of fraud; and
- other material written communications between such independent auditors and management of the Company.

The Committee shall review and discuss with the independent auditors their evaluation of the Company's financial reporting processes, both internal and external.

The Committee shall review and discuss with the independent auditors their judgment about the quality, not just the acceptability, of

the Company's accounting principles as applied in its financial reporting (with management to be included in these discussions at the discretion of the Committee).

The Committee shall meet separately, periodically with management, with internal auditors (or other personnel responsible for the internal audit function) and with the Company's independent auditors.

The Committee shall review and discuss with the independent auditors and management the extent to which changes in financial or accounting practices, as approved by the Committee, have been implemented, and plans for future implementation.

The Committee shall review with the Company's independent auditors any audit problems or difficulties and management's response.

The Committee shall discuss earnings, press releases and financial information and earnings guidance provided to analysts and rating agencies.

The Committee shall resolve any disagreements between management and the Company's independent auditors regarding financial reporting.

#### *Independent Auditors*

The Committee shall (i) at least annually, obtain and review a report by the Company's independent auditors describing all relationships between the Company and such auditors; (ii) receive the written disclosures and the letter from the independent auditors and discuss with them the disclosures, the letter and their independence; (iii) discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the independent auditors; and (iv) take appropriate action in response to the independent auditors' written disclosures for the Committee to satisfy itself of the independent auditors' independence.

The Committee shall approve in advance the engagement of the Company's independent auditors to provide both auditing services (including comfort letters in connection with securities underwritings) and non-audit services (including tax services); provided, however, the Company's independent auditors may not be engaged to provide any of the following non-audit services:

- bookkeeping or other services relating to the accounting records or financial statements of the Company;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contributions-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker or dealer, investment advisor or investment banking services;
- legal services and expert services unrelated to the audit; and
- such other services as the Public Accounting Oversight Board may determine, by regulation, to be impermissible.

The Committee shall confirm that both the lead (or coordinating) audit partner at the Company's independent accountants that has primary responsibility for the audit of the Company's financial statements and the audit partner responsible for reviewing the audit have not performed audit services for the Company in each of the five previous fiscal years before the current audit.

The Committee shall confirm that none of the following Company officers has been employed by the Company's independent auditors and participated in any capacity in an audit of the Company during the one-year period preceding the date that the independent auditors commenced their audit

- the Chief Executive Officer;
- the Chief Financial Officer;
- the comptroller;
- the chief accounting officer; and
- any person serving in an equivalent position to those named above.

The Committee shall set clear hiring policies for employees or former employees of the Company's independent auditors.

The Committee shall, prior to commencement of work on the annual audit by the independent auditors, discuss with them the overall scope and plan for the audit.

The Committee shall, following completion of work on the annual audit, discuss with the independent auditors and management the adequacy and effectiveness of the Company's systems of internal controls regarding finance and accounting.

The Committee shall, at least annually, obtain and review a report by the Company's independent auditors describing their internal

quality-control procedures, any material issues raised by the most recent internal quality-control review or peer reviews of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to one or more independent audits conducted by such firm and any steps taken to deal with such issues.

The Committee shall review the performance of the independent auditors annually.

#### *Related Party Transactions*

The Committee shall review and approve all related party transactions for which Committee approval is required by applicable law (including Nasdaq) or required to be disclosed in the Company's financial statements or SEC filings.

#### *Confirm Independence*

The Committee shall confirm, at least annually, that the members of the Committee continue to meet all Nasdaq requirements for independence.

The Committee shall confirm that the Company has made to Nasdaq all required affirmations regarding (i) the independence, financial literacy and accounting or related financial management expertise of the members of the Committee, and (ii) the annual review and reassessment of this Charter.

#### *Risk Oversight*

While overall enterprise-wide risk management is ultimately the responsibility of the Board, the Audit Committee is delegated with the authority to oversee the identifying, assessing, and monitoring of such risks, delegating authority for discrete risk management oversight to the appropriate committees of the Board or to a Risk Oversight sub-committee of the Audit Committee. The Audit Committee shall report regularly to the Board at-large on its activities in risk oversight, pass along reports from any Committees or sub-committees with oversight authority, and make recommendations for any changes, modifications, improvements, or expansions of the Company's risk assessment and management policies and procedures.

#### *Legal and Other Matters*

The Committee shall review with the Company's legal counsel (i) legal compliance matters and (ii) other legal matters that could have an impact on the Company's financial statements.

The Committee shall 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 the Company's employees of concerns regarding questionable accounting or auditing matters.

The Committee shall discuss policies with respect to risk assessment and risk management.

The Committee shall review and assess the adequacy of this Charter annually, recommending appropriate changes for Board approval.

The Committee shall report regularly to the Board.

The Committee shall review the Company's code of ethics and conduct for directors, officers and employees, approve all waivers of the code of ethics for directors and officers, and ensure timely disclosure of any such waivers by the Committee.

The Committee shall annually perform an evaluation of the Committee's performance, report the results of such evaluation to the Board and receive directions or suggestions from the Board on areas in which the Committee's performance could be improved.