

**NORTH PITTSBURGH SYSTEMS, INC.
CHARTER OF THE AUDIT COMMITTEE OF THE
BOARD OF DIRECTORS**

I. Purpose

The Audit Committee (the Committee) is appointed by the Board of Directors (the Board) of North Pittsburgh Systems, Inc. (the Company) to assist the Board in fulfilling its responsibility for oversight of: (1) the quality and integrity of the financial accounting and reporting processes of the Company; (2) the qualifications, independence and performance of the registered public accounting firm (the Independent Auditors) engaged to prepare or issue an audit report on the financial statements of the Company; and (3) the Company's processes for managing financial risk including compliance with applicable legal, ethical and regulatory requirements.

II. Composition

The Audit Committee shall be comprised of no fewer than three Directors as determined by the Board, each of whom shall meet the independence, financial literacy, and experience requirements of the listing standards of the National Association of Security Dealers Automated Quotation (NASDAQ) Exchange, Section 10A of the Securities Exchange Act of 1934 (the Exchange Act), and the rules and regulations of the Securities and Exchange Commission (the SEC). At least one Member of the Committee shall be an "audit committee financial expert" as defined by the rules of the SEC. Audit Committee Members shall not simultaneously serve on audit committees of more than two other public companies.

Committee Members and the Chair shall be appointed by the Board at its Annual Organizational Meeting. Members shall serve one year terms or until their resignation, retirement, or removal by the Board and until their successors shall be appointed. If a Committee Chair is not designated or present, the Members of the Committee may designate a Chair by majority vote of the Committee Membership, or those present, as the case may be.

III. Meetings

The Committee shall meet at least four times per year on a quarterly basis or more frequently as circumstances require. The Committee Chair shall prepare and/or approve an agenda to be provided to the Members in advance of each meeting together with appropriate briefing materials. The Committee shall meet separately in executive sessions periodically with Management, with the Independent Auditors, and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Committee may also request any officer or employee

of the Company, its outside counsel or Independent Auditors to attend a meeting of the Committee or to meet with any Members of, or consultants to, the Committee. The Committee will be governed by the same rules of procedure regarding meetings (including meetings by conference telephone or similar communications equipment) as are applicable to the Board. Minutes shall be kept for all Committee meetings and copies shall be distributed to all Directors for their information.

IV. Authority

The Committee shall have the sole authority and responsibility to select, retain, evaluate and, where appropriate, replace the Independent Auditors. The Committee shall approve the fees and terms of all audit engagements and, if necessary, resolve any disagreements between Management and the Independent Auditors regarding financial reporting. The Independent Auditors are accountable to and shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Independent Auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may delegate authority to subcommittees consisting of one or more Members when appropriate, including the authority to grant pre-approval of audit and permitted non-audit services, provided that decisions to grant pre-approval shall be disclosed to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the Independent Auditors for the purpose of rendering and issuing an audit report and to any independent legal, accounting or other advisors employed by the Committee.

V. Responsibilities

Oversight of the Company's Relationship with Independent Auditors

1. Appoint Independent Auditors annually to audit the financial statements of the Company and to report thereon.
2. Pre-approve all audit and permitted non-audit services provided by the Independent Auditors including the fees and terms of engagement, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit.

3. Annually obtain and discuss a report from the Independent Auditors describing the audit firm's internal quality control procedures and any material issues raised by the most recent internal quality control review, or peer review, of the firm 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 firm and any steps taken to deal with any such issues.

4. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and periodically consider whether the Company should regularly rotate its independent auditing firm to assure continuing auditor independence.

5. Annually receive and discuss the written disclosures and confirmation from the Independent Auditors required by Independence Standards Board Standard No. 1 regarding their independence from Management and the Company (including the identification of all relationships between the Independent Auditors and the Company). If necessary, recommend appropriate action by the Board to satisfy itself of the independence of the auditors.

6. Initially establish and periodically review hiring policies that conform to applicable SEC or other external guidelines for employment by the Company of employees and former employees of the Independent Auditors.

7. Evaluate annually the performance, qualifications, and experience of the Company's Independent Auditors and lead audit partner, and report conclusions to the full Board.

Oversight of External Financial Communications

8. Discuss with Management the Company's earnings press releases, including the use of non-GAAP financial measures. Review with Management generally the types of financial information and presentation to be provided to analysts and rating agencies, including whether earnings guidance will be provided.

9. Discuss with Management and the Independent Auditors the quarterly financial statements and the disclosures made in management's discussion and analysis prior to filing the Form 10-Q. Discuss with the Independent Auditors their review of the quarterly financial statements.

10. Discuss with Management and the Independent Auditors the annual audited financial statements and the disclosures made in management's discussion and analysis prior to filing the Company's Annual Report on Form 10-K. Discuss with the Independent Auditors the results of their audit of the Company's annual financial statements and their report thereon. Recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.

11. Review any disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for Forms 10-K and 10-Q regarding any significant deficiencies in the design or operation of internal controls or material weaknesses therein or any fraud involving management or other employees who have a significant role in the Company's internal controls.

12. Meet with the Company's Independent Auditors and Management to discuss the scope of the proposed annual audit (and related quarterly reviews), the significant audit procedures to be followed, the experience of key personnel assigned to the engagement and, at the conclusion of the audit, the principal audit findings including any comments or recommendations of the Independent Auditors.

13. Discuss at least annually with Management and the Independent Auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies, as well as any material transactions that are not a normal part of the Company's business.

14. Receive from and discuss with Management and Independent Auditors a report on 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, the ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the Independent Auditors, and any other material written communications between the Independent Auditors and Management of the Company, such as any management letter, schedule of unadjusted audit differences or communications with the Independent Auditors' national office relating to the auditing or accounting issues presented by the engagement.

15. Review any recommendations made by the Independent Auditors resulting from the audit and monitor Management's response.

16. Provide sufficient opportunity at meetings to meet separately in executive session with the Company's Independent Auditors, with Members of Management and by the Committee itself.

17. Discuss with the Independent Auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with Management. Obtain assurance from the Independent Auditors that Section 10A(b) of the Exchange Act has not been implicated.

18. Resolve any disagreements between Management and the Independent Auditors regarding financial reporting.

19. Approve the content of the report of the Audit Committee required by the SEC to be included in the Company's annual proxy statement.

Risk Assessment and Risk Management

20. Periodically discuss with Management the Company's major financial risk exposures and the steps that Management has taken to assess, monitor and control such exposures, including the guidelines and policies governing the process by which the Company assesses and manages risk.

21. Review with Management and the Independent Auditors at least annually all material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.

22. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance program.

23. Review with Management the findings of any examinations by regulatory agencies including the status of tax returns and tax audits.

24. Discuss periodically with Management and the Independent Auditors the adequacy of the Company's disclosure controls and procedures, including applicable internal controls and procedures for financial reporting and changes in internal controls designed to address any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving Management or other employees that are reported to the Committee. In addition, the Committee shall review and discuss with Management and the Independent Auditors the annual report of Management affirming Management's responsibility for establishing and maintaining internal controls over financial reporting and assessing the effectiveness of the internal control structure over financial reporting and the Independent Auditors' report on, and attestation of, Management's report when those reports are required by SEC rules.

Business Conduct and Ethics

25. Review the process for communicating the Company's ethics policies and Code of Ethics to employees and for monitoring compliance therewith.

26. Establish procedures for approval of all related party transactions (transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404) between the Company and any executive officer or director. Annually, inquire of

Management and the Independent Auditors about the existence of any related party transactions. Review such transactions for possible conflicts of interest, and approve or disapprove the transactions, as appropriate in the judgment of the Committee.

27. Meet periodically with the Company's Executive Officers to discuss the Company's policies and procedures regarding compliance with laws and regulations.

28. Establish and periodically review procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other Responsibilities

29. Initiate and oversee, as needed, any special investigations concerning matters relating to the Company's financial statements, internal controls, and compliance with applicable laws or business ethics.

30. Retain, as needed, independent legal, accounting and other consultants to advise the Committee. The Committee shall determine the extent of funding necessary for payment of compensation to any independent legal, accounting and other consultants retained to advise the Committee.

31. The Committee shall be available at any time to receive reports, suggestions, questions or recommendations relating to the matters for which it has responsibility from the Independent Auditors or other management personnel.

32. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board of Directors for approval. Publish the Charter at least every three years in accordance with SEC regulations.

33. Confirm annually that all responsibilities outlined in this Charter have been fulfilled.

34. Verify annually that the Committee consists of at least three Members who are financially literate, including at least one Member who meets the SEC's definition of an "audit committee financial expert," and that each Member of the Committee meets the independence requirements of NASDAQ and SEC rules.

35. Conduct an annual performance evaluation of the Committee.

36. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

37. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

Although the Audit Committee has the responsibilities and powers for oversight set forth in this Charter, it is not the responsibility of the Committee to plan or to conduct audits, to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and other applicable rules and regulations, nor to conduct investigations to assure compliance with laws, regulations and the Company's Code of Ethics. Management is responsible for preparing the Company's financial statements, and the Company's Independent Auditors are responsible for auditing the annual financial statements and for reviewing the unaudited interim financial statements.

This Charter was last revised on January 22, 2004.