



## **FTI CONSULTING, INC.**

### **INTERNAL AUDIT CHARTER As Amended and Restated Effective August 1, 2007**

#### **Purpose**

The management of FTI Consulting, Inc. is committed to sound corporate governance and supports Internal Audit as a separate independent function to examine and evaluate the company's activities and operations as a service to management, the Audit Committee and the Board of Directors. Internal Audit acts as an independent appraisal function by examining and evaluating the adequacy and effectiveness of the company's system of internal control, risk management and performance. The objectives of Internal Audit are to assist management, the Audit Committee and the Board in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, advice and information concerning the activities that it audits and by promoting effective controls and sound business practices.

The company is committed to compliance with the provisions set forth in the Sarbanes-Oxley Act of 2002, and Internal Audit has a key role in this compliance. Internal Audit participates in the identification of key processes supporting financial reporting and in training process owners to identify, document, and test effective financial controls. In support of the management internal control assessment statement required by Section 404 of the Sarbanes-Oxley Act, Internal Audit work plans include annual testing of key financial reporting controls in identified financial systems and processes.

#### **Mission**

The mission of the Internal Audit function is to provide independent, objective assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, control and governance processes and the integrity of the company's operations.

#### **Reporting**

Internal Audit activities for the company are the responsibility of the Chief Audit Executive "CAE", who reports functionally to the Audit Committee of the Board of Directors through the Chair of that Committee, and administratively to the President and Chief Executive Officer and consults with the Executive Vice President and Chief Financial Officer of the Company. The reporting relationships of the CAE enhance departmental independence, promote comprehensive audit coverage and encourage adequate consideration of audit results and recommendations. The CAE provides reports to the Audit Committee of the Board of Directors and meets privately with the Audit

Committee and its Chair, without members of management or the independent auditor present. The CAE and his or her staff will handle all documents, information and property in a confidential and secure manner in accordance with corporate retention policies. Internal Audit has no operating responsibility or authority over the departmental operations that it audits.

## **Responsibilities**

The principal responsibilities of Internal Audit are to determine whether the company's risk management, control and governance processes – as designed and represented by management – are adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed.
- Control processes are effective and reviewed for continuous improvement.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Officers, directors, employees and contractors comply with internal policies, standards, procedures, and applicable laws, regulations, and governance standards.
- Fraudulent, criminal and grossly negligent actions or omissions are identified, investigated and resolved.
- Resources are acquired economically, used efficiently and adequately protected.
- Significant legislation or regulatory issues affecting the company are recognized and addressed appropriately.

The CAE and staff of the internal audit function will carryout their responsibilities by:

- Developing and periodically reviewing with management and the Audit Committee the internal audit mission, and adapting it, as necessary, to encompass changes to the company's services, organization and objectives.
- Developing flexible annual audit plans, using appropriate risk-based methodology – including risk and internal control concerns identified by management or internal audit.
- Submitting an annual internal audit plan to the Audit Committee for review and approval at the April meeting each year, and periodically updating the plan, as necessary, and submitting material changes to the Audit Committee for approval as warranted.
- Carrying out the annual internal audit plan, as approved and revised, from time to time.
- Carrying out any special projects or activities, including due diligence relating to acquisitions and business partners, requested by management or the Audit

Committee, provided that the independence of the Internal Audit function or staff would not be compromised.

- Maintaining a professional audit staff (or securing comparable out-sourced services) with sufficient experience, knowledge, skills and professional certifications to meet the needs of the Internal Audit function as they evolve from time to time and the requirements of this charter.
- Evaluating and assessing significant events or changes, including acquisitions, dispositions, client services, processes, operations, internal controls and strategic plans, as well as accounting principles and governmental or New York Stock Exchange regulations.
- Reporting audit activities and significant issues to the Audit Committee and management.
- Keeping the Audit Committee informed of emerging issues, trends and practices in internal auditing.
- Monitoring and assisting with the administration, disposition and reporting of corrective actions.
- Reporting suspected fraud, assisting with the investigation of suspected fraud, and keeping the Audit Committee and management informed of the status of the investigation.
- Acting as a conduit to the Audit Committee for notice and information relating to all suspected fraudulent or fraudulent conduct by or with the company, its officers, employees, directors or contractors.
- Reviewing the scope of work of the independent auditor and others, as appropriate.
- Developing and administering a reasonable budget to accomplish the internal audit function in conjunction with management and the Audit Committee.
- Refraining from performing any operational duties or from directing business or employee activities not assigned to Internal Audit or that would otherwise adversely affect Internal Audit's independence or performance of the Internal Audit function.
- Refraining from initiating or approving accounting transactions other than routine transactions necessary to administer the internal audit function.

- Communicating opportunities for improving management control, profitability, functioning and organization of the company to management and the Audit Committee.
- Coordinating the internal audit function with other departments and functions of the company, including, without limitation, legal and independent audit.
- Performing any other activities appropriate to the internal audit function as determined by the Audit Committee and management.

The control assurance activities performed by Internal Audit include:

- Reviewing the reliability and integrity of financial and operating information and how it is identified, measured, classified and reported.
- Reviewing the systems established to ensure compliance with laws and regulations.
- Reviewing the systems established to safeguard assets and, when appropriate, verifying the existence of assets.
- Appraising the economical and efficient use of resources.
- Evaluating the adequacy and effectiveness of the company's processes for controlling activities and managing risks.
- Testing key financial reporting controls in identified financial systems and processes.
- Identifying significant risks to the ability of the Corporation to meet its business objectives, communicating them to management and ensuring that management has taken appropriate action to guard against those risks.
- Performing early entry engagements to assist management in incorporating an adequate control structure in new systems and processes.

### **Authority**

In order to carryout the internal audit function, the CAE and his or her staff are authorized to:

- Have unrestricted access to all functions, records, property and personnel.
- Have full and free access to the Audit Committee and the Board.

- Determine scopes of work, select subjects, set frequencies, allocate resources and apply the techniques required to accomplish internal audit responsibilities and objectives.
- Obtain the necessary cooperation and assistance of personnel in divisions, subsidiaries and functional units of the company as well as specialized services from within or outside of the company as they deem necessary or advisable.
- Consult with management on matters such as the design of internal controls, business controls, risk management activities and corporate governance processes.
- The CAE will participate as an ex-officio member of the Disclosure Committee and as a member of such other teams or committees, provided that such participation does not compromise the independence of the Internal Audit function or staff.

### **Standards of Internal Audit Practice**

The Internal Audit function and staff will meet or exceed *Generally Accepted Auditing Standard of the American Institute of Certified Public Accountants*.