

# **FURMANITE CORPORATION AUDIT COMMITTEE CHARTER**

## **1. Purpose**

The Audit Committee's Primary function is to assist the board in fulfilling its oversight responsibilities by obtaining, to the extent it considers necessary and appropriate, an understanding of the financial information provided to the shareholders and others, the financial reporting process, the systems of disclosure controls (controls which provide "reasonable assurance" that the Company is able to collect, process and disclose the required information, both financial and non-financial, in its reports), internal controls which management and the Board of Directors have established, the performance of the Company's internal audit function and independent auditor, and the Company's compliance with ethics policies and legal and regulatory requirements. In doing so the Audit Committee will have open communication with the Board of Directors, management, internal audit and the independent auditor.

The Audit Committee has the responsibilities and powers set forth in this Charter. It is not the duty of the Audit Committee to provide expert or special assurances, to plan or conduct audits, or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor.

The Company will provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the board of directors, for 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 listed issuer; (2) compensation to any advisers employed by the audit committee as authorized in this charter; and (3) ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

The Committee, in carrying out its responsibilities, should have policies that remain flexible in order to react to changing conditions and circumstances. The Committee may form and delegate authority to the Chair of the Committee and /or a subcommittee when appropriate. All actions taken pursuant to a delegation of authority under the preceding sentence shall be presented to the full Committee at its next regularly scheduled meeting for review and ratification. The following duties and responsibilities are set forth as a guide with the understanding that the committee may supplement them as appropriate.

## **2. Organization**

- a. The Audit Committee shall be appointed by the Board of Directors.
- b. The Audit Committee shall consist of at least three members.
- c. Only independent directors may be members of the Audit Committee. An independent director is a director who meets the independence and experience

requirements of the New York Stock Exchange and/or the Securities and Exchange Commission.

- d. The Board of Directors must review and approve simultaneous service on multiple audit committees.
- e. Compensation shall be limited to director's fees and committee fees.
- f. All committee members shall be financially literate as determined by the Board of Directors. At least one member of the Committee shall be an "audit committee financial expert" as defined by the rules and regulations of the Securities and Exchange Commission and the New York Stock Exchange.
- g. The Board shall appoint one of the members of the Audit Committee as Chairperson. It is the responsibility of the Chairperson to schedule all meetings of the Committee and to provide the Committee with a written agenda.

In meeting its responsibilities, the Committee shall, to the extent it considers necessary and appropriate:

### **3. General**

- a. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
- b. Receive corporate attorney's reports of any evidence of a material violation of securities laws or breaches of fiduciary duty.
- c. Conduct an evaluation of its performance at least annually to determine whether it is functioning effectively.
- d. Conduct or authorize investigations as it deems necessary into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to all members of management and other personnel and all relevant information including full access to all books, records and facilities. The Committee may retain independent counsel, accountants or others as it deems necessary to assist it in the conduct of any investigation.
- e. Meet at least four times per year or more frequently as circumstances require.
- f. Regularly report Committee actions to the Board of Directors with recommendations, as the Committee may deem appropriate.
- g. Review annually and update the Committee's charter.
- h. Provide sufficient opportunity to meet with the independent auditor, the internal auditors and management in separate sessions to discuss any matters that the Committee believes should be discussed privately with the Audit Committee.
- i. Provide for inclusion, as applicable, in the Company's proxy statement or other SEC filings of any report from the audit committee required by applicable laws and regulations and stating among other things whether the audit committee has:
  - 1. Discussed the audited financial statements with management.
  - 2. Discussed with the independent auditor the matters required to be discussed by SAS 60 and SAS 61.

3. Received regular reports from the independent auditor on all of the critical accounting policies and practices to be used, and all alternative treatments of financial information within Generally Accepted Accounting Principles that have been discussed with management officials of the issuer, ramifications of the alternative use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm and other material written communications between the registered public accounting firm and the management of the issuer such as any management letter or schedule of unadjusted differences.
  4. Received disclosures from the auditor regarding the auditor's independence as required by Independence Standards Board Standard No. 1 and discussed with the auditor their independence.
  5. Recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K.
- j. Have authority to engage independent counsel and other advisors, as it deems necessary, to carry out its duties.

#### **4. Internal Controls and Risk Assessment**

- a. Discuss with management, the internal auditors and the independent auditor the adequacy and effectiveness of the accounting and financial controls.
- b. Discuss with management, the internal auditors and the independent auditor the Company's policies and procedures to assess, monitor and manage significant risks or exposures and the steps management has taken to monitor and control such risks, including business risk and legal and ethical compliance programs such as the Company's Code of Ethics.
- c. Discuss with management, the internal auditors and the independent auditor:
  1. The effectiveness of or weaknesses in the Company's disclosure and internal controls including the status and adequacy of information systems and security.
  2. Any related significant findings and recommendations of the independent auditor and the internal auditors together with management's responses including the timetable for implementation of recommendations to correct weaknesses in the disclosure and internal controls.

#### **5. Internal Audit**

- a. The Company's Director of Internal Audit shall report directly to the Audit Committee of the Board of Directors who will evaluate the audit scope and role of internal audit including staffing and compensation as well as the internal process for evaluating risk and establishing the internal audit plan.
  
- b. Consider and discuss with management:

1. Significant findings and management's response including the timetable for implementation to correct weaknesses.
2. Any difficulties encountered in the course of their audit such as restrictions on the scope of their work or access to information.
3. Any changes required in the planned scope of their audit plan.
4. The internal audit budget.

## **6. Compliance with Laws and Regulations**

- a. Discuss the Company's process for determining and disclosing risks and exposure from asserted and unasserted litigation, claims from noncompliance with laws and regulations and any other matters that may have a material impact on Company operations and the financial statements.
- b. Discuss with the Company's counsel and others any legal, tax, or regulatory matters that may have a material impact on Company operations and the financial statements.
- c. Discuss with management, the internal auditors and the Company's independent public accountants the status and adequacy of management information systems including the significant risks and major controls over such risks.

## **7. Financial Reporting**

- a. Discuss with management and the independent auditor the financial statements and disclosures under *Management's Discussion and Analysis of Financial Condition and Results of Operations* to be included in the Company's *Quarterly Report* on Form *10-Q* and *Annual Report* on Form *10-K* (or the annual report to shareholders if distributed prior to the filing of the *Form 10-K*), including their judgment of the quality, not just the acceptability, of critical accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.
- b. Discuss with management and the independent auditor at the completion of the annual examination and quarterly reviews:
  1. The Company's earnings press releases, including the use of "pro-forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
  2. Discuss 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. The Company's annual financial statements and related footnotes.
  4. The independent auditor's audit of the financial statements and their report.
  5. Any significant changes required in the independent accountant's audit plan.
  6. Any difficulties or disputes with management encountered during the audit.
  7. The quality of the Company's accounting principles.
  8. Other matters related to conduct, which should be communicated to the Committee under generally accepted auditing standards.
  9. The adequacy of internal controls and disclosure controls.

## **8. External Auditor**

- a. Be directly and solely responsible for the appointment and retention, compensation and oversight of the work of the independent auditor, including the resolution of issues between management and the auditor regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the independent auditor and shall not engage the independent auditor to perform the specific non-audit services proscribed by law or regulation.
- b. At least annually, obtain a report by the independent auditor describing:
  1. The firm's internal quality control procedures.
  2. Any material issues resulting from the most recent internal quality control or peer review of the firm, or by any inquiry or investigation into any independent audit performed by the firm by governmental or professional authorities within the preceding five years along with any steps taken to deal with any such issues.
  3. All relationships between the independent auditor and the Company for the purpose of assessing the auditor's independence.
- c. Discuss the external auditor's process for identifying and responding to key audit, disclosure and internal control risks.
- d. Set clear hiring policies for employees or former employees of the independent auditor that meet the SEC regulations and Stock Exchange listing standards.
- e. Receive and discuss with the independent auditor periodic information regarding the firm's independence and, if deemed necessary by the Audit Committee, recommend that the Board take appropriate actions to satisfy itself of the independent auditor's independence.
- f. Instruct the independent auditor to communicate directly to the Audit Committee any audit problems or difficulties with management's responses. The independent auditor is ultimately responsible to the Audit Committee of the Company.
- g. Discuss the qualifications, performance and independence of the independent auditor, including all relationships between the independent auditor and the Company, considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditors. The Committee shall present its conclusions to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor.
- h. Consider annually whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the lead audit partner and the independent auditing firm.
- i. Discuss with the independent auditor issues on which they consulted with the national office.

## **9. Compliance with Codes of Ethical Conduct**

After reviewing the annual report of management, the Company's Director of Internal Audit and the independent auditor, the Audit Committee will discuss with management assurances that the Company and its subsidiary and foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business and Ethics.

The Committee recognizes that financial management (including the internal audit staff), as well as the independent auditor, have more time, knowledge and more detailed information on the Company than do Committee members. Accordingly, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurances as to the Company's financial statements or any professional certification as to the independent auditor's work.