



## **BOARD OF DIRECTORS AUDIT COMMITTEE CHARTER**

February 9, 2016

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There shall be a committee of the Board of Directors (the "Board") of Navigant Consulting, Inc. (the "Company") that shall be called the Audit Committee (the "Committee").

## I. Purpose

The purpose of the Committee is to assist Board oversight of the following responsibilities:

- Monitor the integrity of the Company's financial statements, financial reporting process and systems of internal controls regarding finance and accounting.
- Monitor the Company's compliance with legal and regulatory requirements, particularly with respect to securities, financial and accounting related matters.
- Monitor the qualifications and independence of the Company's independent public accountants.
- Monitor the performance of the Company's internal audit function and independent public accountants.
- Prepare an annual report of the Committee that the rules of the Securities and Exchange Commission (the "SEC") require be included in the Company's annual proxy statement.
- Provide an avenue of communication among the independent public accountants, internal audit function, management and the Board.
- Monitor significant litigation and financial risk exposure.

In addition, the Committee is directly responsible for the appointment, retention, compensation and oversight over the work of the Company's independent public accountants. The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent public accountants as well as anyone in the Company. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for payment of compensation to the independent public accountants and any other consultants or experts retained by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## II. Composition, Qualifications and Meetings

The Committee shall be comprised of at least three directors. Each member of the Committee shall satisfy the applicable independence, experience and financial expertise requirements of the New York Stock Exchange (the "NYSE") and Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the "Exchange Act"). Directors' fees are the only form of compensation that a Committee member may receive from the Company.

All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Committee.

Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the Board. The Board shall appoint the members of the Committee and



designate the Chair of the Committee. The members of the Committee shall serve for such terms as the Board shall determine or until their earlier death, resignation or removal by the Board. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies, subject to such new members satisfying applicable independence requirements.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees (each of which shall consist of one or more members) such power and authority as the Committee deems appropriate, including the authority to grant pre-approvals of audit and permitted non-audit and tax services; provided, however, that (i) any decisions of such subcommittee to grant pre-approvals and take any other actions shall be presented to the full Committee at its next scheduled meeting, and (ii) the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Notice of all meetings shall be given, and waiver thereof determined, and all actions of the Committee shall be taken, pursuant to and in accordance with the Company's by-laws. The Chair of the Committee will preside, when present, at all meetings of the Committee. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee shall meet privately in executive session periodically with management, the independent public accountants, any internal auditors (or other personnel responsible for the internal audit function), and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed. In addition, the Committee, or at least its Chair, should communicate with management and the independent public accountants quarterly to review the Company's financial statements and significant findings based upon the auditors' limited review procedures.

### III. Responsibilities and Duties

The Committee shall have the specific responsibilities and duties set forth below. The Committee shall also perform such other duties and responsibilities, consistent with this Charter, the Company's by-laws, governing law, the rules and regulations of the NYSE, the federal securities laws and such other requirements applicable to the Company, delegated to the Committee by the Board from time to time. The following shall be the Committee's principal responsibilities:

#### **Financial Reporting and Internal Controls**

1. Review and discuss with financial management and the independent public accountants the Company's annual audited financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the matters required to be discussed pursuant to the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB"), and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K, prior to filing or distribution. Review should include discussion with management and the independent public accountants of significant issues regarding accounting principles, practices, and judgments.
2. Review and discuss with financial management and the independent public accountants the Company's quarterly financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to filing or distribution. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent public accountants in accordance with the applicable requirements of the PCAOB. The Chair of the Committee may represent the entire Committee for purposes of this review.

3. Review and discuss disclosures made by the Chief Executive Officer and Chief Financial Officer regarding compliance with their certification obligations as required under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, including the Company's disclosure controls and procedures and internal controls for financial reporting and evaluation thereof.
4. Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. Such review may be done generally and need not be in advance of each earnings press release or each instance in which management provides such guidance.
5. Review the Company's financial reporting processes and internal controls, based on consultation with the independent public accountants and internal audit management. Such review shall include a consideration of major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of identified deficiencies.
6. Review analyses prepared by management and/or the independent public accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles ("GAAP") methods on the financial statements.
7. Review annually the effect of legal, regulatory and accounting initiatives, as well as any off-balance sheet arrangements, on the Company's financial statements.

### **Independent Public Accountants**

8. The Committee shall have the sole authority to appoint or replace the independent public accountants, and shall pre-approve all audit engagement fees and terms and all non-audit engagements with the independent public accountants, subject to the de minimus exceptions for non-audit services which are approved by the Committee prior to the completion of the audit. The Committee shall consult with management but shall not delegate these matters, except that pre-approvals of non-audit services may be delegated to a single member of the Committee provided that any decisions to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.
9. In its capacity as a committee of the Board, the Committee shall be directly responsible for the oversight of the work of the independent public accountants (including the resolution of disagreements between management and the independent public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and the independent public accountants shall report directly to the Committee.
10. The Committee shall review with the independent public accountants any audit problems or difficulties and management's response. Such matters include any restrictions on the scope of the independent public accountant's activities or on its access to requested information, any significant disagreements with management, any accounting adjustments that were proposed by the independent public accountants but not accepted by management (whether or not material), any communications between the audit team and the independent public accountants' national office respecting auditing or accounting issues presented by the engagement, and any "management" or "internal control" letter issued or proposed to be issued by the independent public accountants to the Company.

11. At least annually, the Committee shall obtain and review a report by the independent public accountants describing: the independent public accountants' internal quality control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the independent public accountants, 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 public accountants, and any steps taken to deal with such issues.
12. Review and evaluate the lead audit partner of the independent public accountants and assure the regular rotation of the lead audit partner to the extent required by law, and consider the regular rotation of the independent public accountants.
13. On an annual basis, the Committee should review and discuss with the independent public accountants all relationships they have with the Company that could impair the independent public accountants' independence.
14. Review the independent public accountants' audit plan – discuss scope, staffing, locations, reliance upon management, and their general audit approach.
15. Prior to releasing the year-end earnings, discuss the results of the audit with the independent public accountants. Discuss certain matters required to be communicated to audit committees in accordance with the applicable requirements of the PCAOB.
16. Consider the independent public accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
17. Set clear hiring policies for employees or former employees of the independent public accountants.

## **Internal Audit Services and Legal Compliance**

18. The Committee shall ensure that the Company maintains an internal audit function.
19. The Committee shall discuss with management, the independent public accountants and internal audit management the responsibilities, budget and staffing of the Company's internal audit function.
20. Review and approve the scope, performance and results of the internal audit function's internal audit plans, including any reports of significant internal audit findings to management and management's response to those reports. Review and approve the hiring or dismissal of the employee or outsourced entity responsible for leading the Company's internal audit function.
21. On at least an annual basis, the Committee shall review with the Company's General Counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations with respect to securities, financial and accounting matters, and any inquiries received from regulators or governmental agencies with respect to such matters.

## **Other Committee Responsibilities**

22. Review and discuss policies with respect to risk assessment and risk management and discuss the steps management has taken to monitor and control major financial risk exposures.
23. Annually prepare a report to shareholders as required by the SEC. The report should be included in the Company's annual proxy statement.



24. Perform such other activities, consistent with this Charter, the Company's by-laws, governing law, the rules and regulations of the NYSE, the federal securities laws and such other requirements applicable to the Company, as the Committee or the Board deems necessary or appropriate.
25. Maintain minutes of meetings and make regular reports to the Board.
26. Establish procedures for (a) the receipt, retention and proper treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
27. Review any reports of the public accountants mandated by Section 10A of the Securities Exchange Act of 1934, as amended, and obtain from the independent public accountants any information with respect to illegal acts in accordance with Section 10A.
29. At least annually perform a self-assessment of Committee performance.
30. Review financial and accounting personnel succession planning within the Company.
31. Periodically review policies and procedures as well as audit results associated with Directors' and Officers' expense accounts and perquisites.
32. Review and approve or ratify Directors' and Officers' related party transactions and potential conflicts of interest.
33. Review and reassess the adequacy of the Charter at least annually, and submit the Charter, including any proposed changes, to the Board for approval and have the document posted on the Company's website in accordance with the rules of the NYSE.

#### **Limitation of Committee's Roles**

While the Committee has the responsibilities and powers set forth in its Charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent public accountants.

*Revised and approved by the Navigant Consulting, Inc. Board of Directors on February 9, 2016*