



**GREAT LAKES  
DREDGE & DOCK  
CORPORATION**

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## **GREAT LAKES DREDGE & DOCK CORPORATION INTERNAL AUDIT DEPARTMENT – CHARTER**

### **MISSION AND SCOPE OF WORK**

The mission of Great Lakes Dredge & Dock Corporation's (the "Company") internal audit department ("Internal Audit") is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of Internal Audit is to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for improving management control, profitability, and the organization's image may be identified during audits. Any such opportunities identified will be communicated to the appropriate level of management.

### **ORGANIZATION**

Internal Audit's ultimate responsibility is to provide the Audit Committee with information necessary to execute its responsibilities. The Director of Internal Audit reports to the Audit Committee and to the Chief Executive Officer ("CEO"), with day-to-day operational and administrative oversight from the Chief Financial Officer ("CFO"). The Director of Internal Audit may communicate directly in confidence to the Audit Committee, CFO, Chief Legal Officer, and CEO.

### **AUTHORIZATION AND ACCESS**

Internal Audit has the authority to audit all parts of the Company and shall have full and complete access to any of the organization's records, physical properties, and personnel relevant to the performance of an audit. Documents and information given to internal auditors during a periodic review will be handled in the same prudent manner as by those employees normally accountable for them. Internal Audit will make special efforts to accommodate the Company's daily operations in scheduling and conducting reviews.

The Director and staff of Internal Audit are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to Internal Audit.
- Direct the activities of any organization employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

## **INDEPENDENCE**

In certain cases, Internal Audit may consult with the business units of the Company in the development and implementation of accounting and operational procedures, preparation of records, and formulation of accounting methodologies. However, in performing these and other functions, the Director of Internal Audit and the audit staff will have no direct authority over, nor responsibility for these items. Internal Audit staff will refrain from assessing specific operations for which they were previously responsible. In addition, Internal Audit professionals will not make management decisions or engage in any other activity, which could be reasonably construed to compromise their independence. Internal Audit will have no direct responsibility or authority for any of the activities or operations they review. They should not jeopardize their independence by developing and installing procedures, preparing records, or engaging in activities that would normally be reviewed by an internal audit. Furthermore, an internal audit does not in any way relieve other persons in the Company of the responsibilities assigned to them.

## **RESPONSIBILITY**

The Director and staff of Internal Audit have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval, as well as periodic updates.
- Implement the annual audit plan, as approved, including any special tasks or projects requested by management and the Audit Committee.
- Maintain a professional audit staff (internal or outsourced) with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Issue periodic reports to the Audit Committee and management summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Participate in update meetings with the Audit Committee Chair at least once between each quarterly meeting (or as needed) via teleconference, and with the Audit Committee at least quarterly either in person or via teleconference.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.
- Coordinate with other control and monitoring functions (risk management, compliance, safety, legal, and external audit).
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Perform as a facilitator in management's Enterprise Risk Management program, to provide guidance and assistance in management's implementation and annual assessment process. This role will change as the ERM program matures.
- Facilitate the documentation of processes related to internal controls over financial reporting, and management's related assessment of the operating effectiveness of such controls, as required by the Sarbanes-Oxley Act of 2002.

## **STANDARDS OF AUDIT PRACTICE**

The internal audit department will apply and uphold the *Code of Business Conduct and Ethics*, and meet or exceed the *International Standards for the Professional Practice of Internal Auditing*, as defined by The Institute of Internal Auditors.

**Dated: May 12, 2017**