

## **Barrett Business Services, Inc.**

### **Charter for the Audit and Compliance Committee As Amended and Restated by the Board of Directors as of February 26, 2018**

#### **Purpose**

The Audit and Compliance Committee (the "Committee") is appointed by the Board of Directors to assist the Board in overseeing (1) the Company's accounting and financial reporting processes, (2) the reliability, quality, and integrity of the Company's financial statements, (3) the compliance by the Company with legal and regulatory requirements relating to its status as a public company, (4) the independence, qualifications, and performance of the Company's independent auditors, and (5) the adequacy of the Company's internal control and disclosure systems and processes.

#### **Authority**

The Committee shall have sole authority to appoint, compensate, evaluate, and retain the independent auditors and other advisers as it deems necessary to carry out its duties. The Committee may request any officer or employee of the Company, and representatives of the Company's outside counsel, independent auditors, other consultants engaged by the Company, and advisers retained by the Committee, to attend a meeting of the Committee or to meet with any members of or advisers to the Committee. The Committee may conduct or authorize investigations into any matters within the scope of its responsibilities. To the extent the Committee deems appropriate and permitted by applicable law, rule or regulation, it may delegate its responsibilities under this Charter to one or more of its members.

#### **Organization**

The Committee shall comprise at least three qualified directors. The members of the Committee shall be appointed by the Board at its first meeting held following each annual meeting of stockholders. Each member of the Committee shall meet the independence, expertise, and other requirements set forth in Rule 5605(c)(2) of the listing standards for companies listed on The Nasdaq Stock Market and otherwise be free from any relationship that, in the judgment of the Board, would interfere with his or her exercise of business judgment as a Committee member. All members of the Committee shall be financially literate and, on a combined basis, shall have expertise in performing audits and the application of generally accepted accounting principles in the United States, experience governing public companies, significant knowledge and experience relevant to serving on an audit committee, and an independent oversight perspective at the Board level. At least one member of the Committee shall meet the requirements to be an "audit committee financial expert" as defined in the Securities and Exchange Commission's ("SEC's") rules. The Chair of the Committee shall be appointed by the Board to serve a one-year term. The Chair and other members may serve unlimited successive one-year terms on the Committee. A Committee member may not serve simultaneously on the audit committees of more than two

other public companies, unless the Board determines that such service will not impair the member's ability to serve on the Committee.

### **Funding**

The Committee shall have the authority to determine and receive from the Company the amount of funding required for (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 Company, (2) compensation to independent counsel and other advisers retained by the Committee, and (3) ordinary administrative expenses of the Committee in carrying out its responsibilities.

### **Responsibilities**

The Committee shall fulfill the following responsibilities:

#### **General**

1. Develop and maintain mechanisms and procedures to assure free and open communication with the Board, the Company's independent auditors, the Company's Internal Audit Manager, and the senior financial and executive management of the Company.
2. Meet at least annually in separate executive sessions with the Chief Financial Officer, the Controller, the Internal Audit Manager, the outside consultant, if any, regarding the Company's internal control over financial reporting, and the independent auditors.
3. Periodically review with executive management and the independent auditors the adequacy of the size and experience level of the Company's accounting staff.
4. Review for potential conflicts of interest and determine whether or not to approve any transaction by the Company with a director, officer or shareholder (including transactions with family members or associates of such persons) that would be required to be disclosed in the Company's annual proxy statement by the SEC's disclosure rules, including monitoring the outside activities of the Company's executive officers.
5. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

6. Conduct an annual evaluation of how well the Committee performed its duties and fulfilled its purposes during the previous year and report its findings to the full Board.

#### Independent Auditors

7. Appoint, retain (with subsequent submission to the Company's stockholders for ratification), determine the compensation of, evaluate, and terminate the Company's independent auditors. The independent auditors shall report directly to the Audit Committee.
8. Approve all fees and services (including audit and permissible non-audit services) of the Company's independent auditors and any other public accounting firm engaged by the Committee. All such services must be approved in advance of their performance pursuant to the attached Pre-Approval Policy for Audit and Non-Audit Services. The Committee may delegate authority to grant pre-approvals to the Committee Chair, provided each such pre-approval is reported to the full Committee at its next scheduled meeting. The Committee shall receive the letter from the independent accountants required by Rule 3525 of the Public Company Accounting Oversight Board regarding pre-approval of non-audit services related to internal control over financial reporting.
9. Receive the disclosures and letter from the independent auditors pursuant to the requirements of the Public Company Accounting Oversight Board regarding communications with the independent auditors concerning independence, discuss with the auditors the contents of such disclosures, including any relationships or services that may impact the objectivity or independence of the auditors and, if determined necessary by the Committee, take or recommend that the full Board take appropriate action to oversee the independence of the auditors.
10. Evaluate the performance of the independent auditors, assure the regular rotation of the lead audit partner, as required by law and, as necessary or appropriate, take appropriate steps to replace the independent auditors. In evaluating the independent auditors, consider the opinions of the Chief Financial Officer and Controller.
11. Meet with the independent auditors prior to each annual audit to review the planning and staffing of the audit.

12. Obtain assurance from the independent auditors that no action or disclosure is required with respect to the Company's financial statements under Section 10A of the Securities Exchange Act of 1934.
13. Discuss with the independent auditors the matters required to be discussed by AU-C Sec. 260 issued by the Auditing Standards Board relating to the conduct of the audit.
14. Review with the independent auditors any problems or difficulties the auditors may have encountered as well as any management letter provided by the independent auditors and management's response to that letter. Such review shall include:
  - (a) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
  - (b) Any changes required in the planned scope of the audit performed by the independent auditors.

Financial Statements, Published Information, and Written Agreements

15. Review and discuss with management and the independent auditors the annual audited financial statements, including major issues regarding, or changes in, accounting and auditing principles, standards and practices and the adequacy of internal controls that could significantly affect the Company's financial statements.
16. Review analyses prepared by management and the independent auditors of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
17. Review and discuss with management and the independent auditors, as appropriate, earnings press releases and other financial information that the Company proposes to disclose publicly.
18. Review and discuss with management and the independent auditors the Company's quarterly and annual financial reports, including specifically the "MD&A" section, prior to the filing of the Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. Obtain confirmation from the Chief Executive Officer, Chief Financial Officer, and Controller that all material, or potentially material, matters have been disclosed or discussed with the Committee and the independent auditors prior to the certification of SEC filings as required by SEC Rule 13(a)-14(a).

19. Review in advance and discuss with the Chief Financial Officer each new engagement or retention agreement and any proposed significant changes to existing agreements relating to the services of actuaries, specialists, and other professionals whose consulting services could have a material effect on the Company's financial statements.
20. Prepare the audit committee report required by the SEC's rules to be included in the Company's annual proxy statement.

#### Internal Audit Function

21. Review and discuss with executive management the processes, organizational structure, budget and staffing of the internal audit function.
22. Review and approve the annual internal audit plan as it relates to the Company's internal controls.
23. Review and discuss with executive management, outside consultants, and the independent auditors, as appropriate, any significant issues as to the adequacy of the Company's internal controls, and any special audit steps adopted in light of significant control deficiencies.

#### Internal Controls

24. On a quarterly basis, review with executive management, the Controller, the Internal Audit Manager, and the independent auditors the adequacy of, and recent and planned changes to, the Company's internal controls. Oversee the identification and implementation of changes to the Company's internal controls.
25. Identify and retain, as deemed necessary in the Committee's discretion, third-party consultants reporting directly to the Committee to assist in reviewing policies, processes, and procedures relating to internal controls and addressing material weaknesses.
26. Oversee the implementation of procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

### Risk Management

27. Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
28. Meet with the Chair of the Board's Risk Management Committee as often as the Committee's Chair deems appropriate, but at least annually, to discuss risks related to the Company's information technology systems, including a review of the Company's cybersecurity programs, that may have a material effect on the Company's financial statements.
29. Review with the Company's outside counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or other government agencies.

### Compliance

30. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations relating to its status as a public company.
31. Review with management compliance by the Company with the terms of loan agreements or other debt instruments, including indentures, as applicable.
32. Oversee compliance with the Company's Code of Business Conduct, including reviewing the Code annually for any needed changes, assessing the implementation of the principles outlined in the Code, and determining whether to approve any waivers of the Code.

Subject to the specific responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles in the United States. This is the responsibility of management and the independent auditors.

### Meetings and Procedures

The Committee shall hold at least four regularly scheduled meetings each year.

The Committee shall maintain written minutes or other records of its meetings and activities. Minutes of each meeting of the Committee shall be distributed to all members of the Board. The

Barrett Business Services, Inc.  
Charter for the Audit and Compliance Committee  
of the Board of Directors  
Page 7 of 7

Secretary of the Company shall retain the original signed minutes for filing with the corporate records of the Company.

The Chair of the Committee shall report to the Board following meetings of the Committee and as otherwise requested by the Chairman of the Board.