

Barrett Business Services, Inc.

Charter for the Audit and Compliance Committee of the Board of Directors As Amended and Restated by the Board of Directors as of March 19, 2004

Objectives

The Audit and Compliance Committee (the "Audit 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 integrity and the audits of the financial statements of the Company, (3) the compliance by the Company with legal and regulatory requirements relating to its status as a public company, (4) the independence and performance of the Company's independent accountants, (5) corporate governance principles, and (6) standards of ethical and business conduct.

Authority

The Audit Committee shall have the authority to retain independent counsel and other advisers as it deems necessary to carry out its duties. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent accountants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. To the extent the Audit 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 Audit Committee shall be comprised of at least three qualified directors. The members of the Audit Committee shall be appointed by the Board to a one-year term. The members of the Audit Committee shall meet the independence, expertise, and other requirements set forth in Rule 4350(d)(2)(A)(i)-(iv) of the listing standards for companies quoted on the Nasdaq Stock Market. At least one member of the Audit Committee shall meet the requirements of an "audit committee financial expert" as defined in the Securities and Exchange Commission's ("SEC's") rules. The Committee's Chair shall be appointed by the Board to serve a one-year term. Unlimited successive one-year terms on the Committee are permissible, in view of the independence and expertise requirements for Committee membership.

Funding

The Audit 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 and other advisers retained

by the Audit Committee, and (3) ordinary administrative expenses of the Audit Committee in carrying out its responsibilities.

Roles and Responsibilities

The Audit Committee shall make regular reports of its recommendations to the Board.

The Audit Committee shall:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Be directly responsible for the appointment, compensation, retention, and oversight of the work of the Company's independent accountants and any other registered public accounting firm engaged for the purpose of performing any audit, review, or attest services for the Company. All firms retained by the Audit Committee must report directly to the Audit Committee.
3. Approve all fees and services (including audit and permissible non-audit services) of the Company's independent accountants and any other public accounting firm engaged by the Audit Committee. All such services should be approved in advance of their performance pursuant to policies established by the Audit Committee. The Audit Committee may delegate authority to grant pre-approvals to one of its members, provided such pre-approval is presented to the full Audit Committee at its next meeting.
4. Establish 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.
5. Review and discuss with management and the independent accountants the annual audited financial statements, including major issues regarding or changes in accounting and auditing principles, standards and practices, as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
6. Review analyses prepared by management and the independent accountants of significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements.

7. Review and discuss with management and the independent accountants, as appropriate, earnings press releases and other financial information that the Company proposes to disclose publicly.
8. Review and discuss with management and the independent accountants 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 Report on Form 10-K.
9. To review and discuss with management and the independent accountants, as appropriate, the Company's internal system of audit and financial controls and the results of internal audits.
10. Review with management compliance by the Company with the terms of loan agreements or other debt instruments, including indentures, as applicable.
11. 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.
12. Receive written statements from the independent accountants regarding the accountants' independence consistent with Independence Standards Board Standard 1, discuss the contents of such statements, including any relationships or services that may impact the objectivity or independence of the accountants, with the accountants, and, if determined necessary by the Audit Committee, take or recommend that the full Board take appropriate action to oversee the independence of the accountants.
13. Evaluate, together with the Board, the performance of the independent accountants and, if determined necessary by the Audit Committee, recommend that the Board replace the independent accountants.
14. Meet with the independent accountants prior to the audit to review the planning and staffing of the audit.
15. Obtain assurance from the independent accountants 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.
16. Discuss with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.

17. Review with the independent accountants any problems or difficulties the accountants may have encountered and any management letter provided by the independent accountants and the Company's response to that letter. Such review should 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 accountants.
18. Prepare the audit committee report required by the SEC's rules to be included in the Company's annual proxy statement.
19. 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.
20. 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 government agencies.
21. Meet at least annually with the Chief Financial Officer, the Company's internal auditing staff, and the independent accountants in separate executive sessions.
22. Develop and oversee (a) Board corporate governance principles, (b) a code of conduct applicable to directors, officers, and employees of the Company, and (c) a code of ethics for senior financial officers, including making recommendations as to amendments to or waivers of such documents and determining the treatment of violations of such principles or codes by directors or officers of the Company.
23. 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.
24. Reviewing and evaluating the performance of the Board in relation to committee charters, governance principles, and the code of conduct.

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Subject to the specific responsibilities set forth in this Charter, it is not the duty of the Audit 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 accountants. Subject to the specific responsibilities set forth in this Charter, it is also not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent accountants or to assure compliance with laws and regulations relating to the Company's status as a public company.