BARCLAYS PLC BOARD AUDIT COMMITTEE

TERMS OF REFERENCE

Approved by the Board on 16 April 2015

1 Role

1.1 The role of the Barclays PLC and Barclays Bank PLC Board Audit Committee (the ‘Committee’) is to review and monitor, among other things:

- The integrity of the Group’s financial statements and related announcements
- The effectiveness of the Group’s internal controls
- The effectiveness of the internal and external audit processes
- The Group’s relationship with the external auditors
- The effectiveness of the Group’s whistleblowing procedures

2 Authority

2.1 The Committee is a committee of the Board of Directors (the ‘Board’) of Barclays PLC (the ‘Company’) and Barclays Bank PLC, from which it derives its authority and to which it regularly reports.

2.2 The Committee has delegated authority of the Board in respect of the functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.

2.3 The Committee has authority to investigate any matter relating to the Company, Barclays Bank PLC and their business units and subsidiaries (together the ‘Group’). It also has authority to obtain any information as it may require from any Director, officer or employee of the Group.

2.4 The Committee has authority to engage independent counsel and other professional advisers at the expense of the Group, and to invite them to attend meetings.

3 Constitution and meetings of the Committee

3.1 Membership – Comprises at least three independent non-executive Directors of the Company appointed by the Board. Membership includes at least one member of the Board Financial Risk Committee and Board Conduct, Operational and Reputation Risk Committee. At least one member of the Committee should have significant recent and relevant financial experience.

3.2 Duration of appointments – Shall be for a period of up to three years which may be extended by a further two additional periods of up to three years, subject to the Director still meeting the criteria for membership of the Committee.

3.3 Chairman – Shall be appointed by the Board. The Committee Chairman does not have a casting vote.

3.4 Secretary – The Company Secretary or his nominee shall act as secretary to the Committee.

3.5 Meetings – Will be held a minimum of four times per year and at any other time as the Committee’s role and responsibilities require. Meetings will be convened by the Company Secretary at the request of Committee members, the Chairman of the Group, the Group Chief Executive, the external audit lead partner or the Barclays Chief Internal Auditor.

3.6 Notice of meetings – Unless otherwise agreed by the Chairman of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive
Directors, no later than four working days before the date of the meeting.

3.7 **Quorum** – The quorum for meetings shall be two members, one of whom should be the Chairman of the Committee. In the absence of the Chairman of the Committee (or appointed deputy), the remaining members present shall elect one of themselves to chair the meeting.

3.8 **Minutes** – The Company Secretary or his nominee shall minute the proceedings and decisions of all Committee meetings. Draft minutes will be circulated promptly to all members of the Committee after a meeting. Once approved, the minutes will be circulated to all other members of the Board and attendees.

3.9 **Attendees** – Only the members of the Committee have the right to attend Committee meetings. However, the following will be expected to attend Committee meetings on a regular basis:

- The external auditors
- Group Finance Director
- Barclays General Counsel
- Barclays Chief Internal Auditor
- Chief Risk Officer
- Group Financial Controller

There is an open invitation for the Group Chief Executive and any non-executive Directors to attend any Committee meeting with the agreement of the Chairman of the Committee. By invitation of the Committee, any officer or employee of the Group or other person may also be invited to attend for a particular meeting or a particular agenda item.

4 **Responsibilities of the Committee**

The Committee will undertake the following tasks/functions for the Company and the Group as a whole:

4.1 **Financial reporting** – Monitor the integrity of the Group’s financial statements, interim management statements, preliminary announcements and any other formal announcements relating to the Company’s financial performance. In particular:

(a) Review and, where appropriate, report to the Board on the significant financial reporting issues and estimates and judgements made in connection with the preparation of the Group’s financial statements, interim management statements, preliminary announcements and any formal announcements relating to the Company’s financial performance.

(b) Review and challenge where necessary the clarity, completeness and appropriateness of disclosures in the Group’s financial statements and consider whether the disclosures made are set properly in context, including, without limitation, the going concern statement to be made by the Board of the Company and the related information presented with the financial statements (including the strategic report and corporate governance statements relating to the audit).

(c) Review and approve all trading statements prior to public release.

(d) Review and challenge where necessary the significant accounting policies and practices of the Group, including as to their establishment, consistency and any changes to them.

(e) Consider whether the Group has adopted appropriate accounting standards and policies and, where necessary, made appropriate estimates and judgments.

(f) Review and challenge where necessary the methods used to account for significant or unusual transactions where accounting treatment is open to different approaches.

(g) Review and monitor any significant adjustments arising from the audit.

(h) Review and challenge where necessary the Group’s disclosure controls and procedures, including reviewing reports of the Group’s Disclosure Committee.
4.2 **Narrative reporting** – Advise the Board on whether, taken as a whole, the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy.

4.3 **Control issues** – Review the Report which identifies high-level control issues classified as Critical under the Group’s Enterprise Risk Management Framework’s Risk and Issue Classification Matrix that require, or are subject to, remedial attention and summarises the actions being taken to resolve those issues. Review and monitor management’s responsiveness in addressing control weaknesses, non-compliance with laws, regulations and internal policies and other weaknesses identified by BIA and the external auditors.

4.4 **Internal controls** – Provide assurance to the Board that executive management’s control assurance processes are implemented and are complete and effective. In particular, review the Group’s internal controls, including:

(a) Review the appropriateness and completeness of the system of internal control.

(b) Review and approve the statements on internal controls to be included in the Company’s Annual Report, prior to their endorsement by the Board and the external auditors.

(c) Enquire of the Group Chief Executive and Group Finance Director as to the existence of any significant deficiencies in the design or operation of the Group’s system of internal controls, any material weaknesses in internal controls and any fraud, whether or not material, that involves management or other employees who have a significant role in the Group’s affairs, including receiving the annual fraud certification to support the annual fraud report required under s302(5)(b) of the Sarbanes Oxley Act 2002.

4.5 **Internal audit** – Monitor and review the effectiveness, independence and objectivity of Barclays Internal Audit (‘BIA’). In particular:

(a) Review and approve the remit of BIA, including its Audit Charter (at Attachment 1) and undertake an annual review of the Audit Charter.

(b) Ensure the right ‘tone at the top’ to ensure support for, and acceptance of, BIA at all levels of the Group. In particular, ensure the Barclays Chief Internal Auditor has direct access to the Chairman of the Barclays Group and to the Committee and is accountable to the Committee.

(c) Review and monitor the effectiveness of the work of BIA in the context of the Group’s internal control and risk management systems and its performance against its agreed objectives and the Audit Charter.

(d) Approve and review the appointment and, as necessary, the removal of Barclays Chief Internal Auditor and other key internal auditors and, in the case of the Chairman of the Committee, approve the Barclays Chief Internal Auditor’s objectives and performance review.

(e) In the case of the Chairman of the Committee, recommend the annual remuneration of the Barclays Chief Internal Auditor and BIA as a whole, subject to the final approval of the Board Remuneration Committee.

(f) Review, assess and approve the Audit Plan prepared by BIA, including any material changes to the Audit Plan.

(g) Ensure BIA has the necessary resources and access to information to enable it to fulfil its mandate, including reviewing and approving its budget.

(h) Review and monitor the coordination between BIA and the external auditors.

(i) At least once a year, meet with BIA without executive Directors or executive management present. The Chairman of the Committee shall also normally be available before each Committee meeting to meet BIA for private discussions.
(j) Receive and review reports on the results of BIA’s work on a periodic basis.

(k) Review and monitor management’s responsiveness in remediying BIA’s findings and recommendations and any deficiencies identified by supervisory authorities related to the internal audit function.

(l) Obtain an independent external assessment of BIA at an appropriate interval and at least once every five years. The Chairman of the Committee will oversee and approve the appointment of the external assessor. The results of the external assessment will be considered by the Committee;

4.6 **External audit** – Overseer the Group’s relationship with the external auditors and assess the effectiveness of the external audit process. In particular:

   (a) **General** – Maintain regular, timely, open and honest communication with the external auditors, ensuring the external auditors reports to it on all relevant matters to enable the Committee to carry out its oversight responsibilities. Monitor, and discuss with the external auditors, the Group’s relationship with the external auditors and the working relationship, coordination and exchange of information between the external auditors and BIA. At least once a year, meet with the external auditors without executive Directors or executive management present. The Chairman of the Committee shall also normally be available before each Committee meeting to meet the external auditors for private discussions.

   (b) **Appointment and tendering** – Review and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the external auditors. Recommend to the Board that the external audit is put out to tender as often as is required by applicable law, rules, regulations and best practice. If the Committee recommends considering the selection of possible new external auditors, initiate and oversee a fair tendering and selection process. Periodically assess the qualifications, expertise and resources of the external auditors. If the external auditor resigns, investigate the issues giving rise to the resignation and consider whether any action is required.

   (c) **Remuneration and other terms of engagement** – Agree the remuneration to be paid to the external auditors in respect of audit and non-audit services to be provided and the other terms of engagement of the external auditors, including the terms of the engagement letter issued by the external auditors at the start of each audit.

   (d) **Annual audit cycle** – At the start of each annual audit cycle, ensure that appropriate plans are in place for the audit. Obtain from the external auditors in connection with any audit, a timely written report relating to the Group’s annual audited financial statements, including prompt notification of any significant audit findings and any significant problems encountered in carrying out the audit. Review, with the external auditors, the findings of their work. Review and monitor management’s responsiveness in remediying the external auditors’ findings and recommendations. Discuss with the external auditor any matters arising from the statutory audit that may have an impact on regulatory capital or regulatory disclosures. Review, and approve on behalf of the Board, the audit representation letters before signature. As part of the on-going monitoring process and at the end of the annual audit cycle, review and monitor the content of the external auditor’s management letter. At the end of the annual audit cycle, assess the effectiveness of the audit process, reporting to the Board if appropriate.

   (e) **Independence and objectivity, including the provision of non-audit services** – Assess, annually, the independence and objectivity of external auditors, taking into consideration relevant law, regulations and professional requirements and ethical standards for auditors. Agree the Group’s policy on the provision of non-audit services by the external auditor, and monitor the application of the policy (and the provision of those services) and review and recommend to the Board, annually, changes to the policy. Agree with the Board the Group’s policy for the employment of former employees of the external auditor, and monitor the application of the policy. Monitor the external auditor’s compliance with the Ethical Standards for Auditors relating to, among other things, the rotation of audit engagement partners, the level of fees that the Group pays in
proportion to the overall fee income of the firm, and other related regulatory requirements. Recommend to the Board the identity and replacement from time to time of the external audit engagement partners.

4.7 Whistleblowing

(a) Receive, semi-annually, a report from the Group Head of Compliance on whistleblowing matters, including of material instances of disclosure under the Public Interest Disclosure Act 1998.

(b) Review the adequacy and security of the Group’s arrangements for its employees and contractors to raise complaints and concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of those matters and appropriate follow up action.

4.8 Regulatory reporting

(a) Review arrangements established by management for compliance with regulatory financial reporting and best practice requirements including the requirements and recommendations of relevant regulatory or supervisory bodies.

(b) Review any letters to the Board from Barclays Group’s principal supervisors and regulators (including the PRA, FCA and Federal Reserve) on their risk assessments of Barclays and the associated management responses.

(c) Review all reports required to be commissioned from the Group’s auditors or other firms so appointed by the PRA/FCA under the powers given to them by the Financial Services and Markets Act 2000 (as amended) and also the minutes of any tri-lateral meetings between the Group, the external auditors and the PRA/FCA, together with any other matters of significance arising during regular meetings with the PRA/FCA or arising with respect to returns and reports submitted to the PRA/FCA and the Group’s other principal supervisors and regulators.

4.9 Capital raising – Receive, at each meeting during a period of due diligence in connection with the issuance or placement of ordinary shares in Barclays PLC, a report from the Chairman of the Committee (or another nominated member in the Chairman’s absence) that confirmation (verbal or otherwise) has been received from the lead underwriter(s) that they are satisfied with the due diligence process.

4.10 Litigation – Oversight of significant legal and regulatory investigations falls within the remit of the Regulatory Investigations Committee. However, the Committee should:

(a) Review the Litigation Report and the proposed litigation statement for inclusion in the statutory accounts.

(b) Have in place procedures for receiving evidence from external and internal lawyers relating to breaches of securities law, fiduciary duties or other similar violations.

4.11 Committee effectiveness

(a) General – Conduct an annual self-assessment of the Committee’s effectiveness and recommend any necessary changes to the Board. Consider whether or not the Committee receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.

(b) Training – Make available, via the Company Secretary, to new members of the Committee a suitable induction process and provide training and awareness to members of the Committee on an ongoing and timely basis.
5 Reporting responsibilities

5.1 Reporting to the Board

(a) General – Report to the Board on how it has discharged its responsibilities and on any other matters referred to it by the Board. In doing so, identify any matters in respect of which it considers that action or improvement is needed, and make any recommendation it deems appropriate as to the steps to be taken.

(b) Meetings – Following each meeting of the Committee, report formally (through the Chairman of the Committee (or the chair of that meeting)) to the Board on its proceedings.

(c) Coordination with other committees – Work and liaise as necessary with all other committees of the Board. Without limitation, the Committee should contribute to the information provided to the Board Remuneration Committee in setting incentive compensation and coordinate with the Board Conduct, Operational and Reputational Risk Committee in respect of that committee’s role in reviewing forward-looking compliance reports and reports on regulatory relationships.

5.2 Reporting to Shareholders

(a) General – The Committee should identify any shareholder views on audit issues and respond to any shareholder concerns.

(b) Annual General Meeting – The Chairman of the Committee, or a deputy chosen from the membership, should be present at the Annual General Meeting of the Company to answer questions, through the Chairman of the Barclays Group, on the report on the Committee’s activities and matters within the scope of the Committee’s responsibilities.

(c) Annual Report – The Committee will compile a report of the work of the Committee in discharging its responsibilities for inclusion in the Annual Report, including the issues dealt with by the Committee. The Committee has the right to publish in the Company’s Annual Report, details of any issues than cannot be resolved between the Committee and the Board.

6 Information to be considered

6.1 In carrying out its duties, the Committee will consider the following information:

(a) the UK Companies Act 2006, including the Statement of Directors’ Duties and Conflicts’ Register;

(b) the requirements of the listing rules of the UK Listing Authority;

(c) the requirements of the UK Corporate Governance Code;

(d) the requirements of the US Sarbanes-Oxley Act 2002;

(e) the standards imposed on themselves by companies of a similar size and of a similar business to the Group;

(f) any other legislation or external published corporate governance standards in any country in which the shares of Barclays PLC are listed on a recognised stock exchange;

(g) the standards published by any association or other body of institutional shareholders; and

(h) strategic issues and commercial changes affecting the Group and the markets in which it operates,

in each case, as amended or updated from time to time.
Responsibilities of management and control functions

7.1 Support – The Committee will be supported by the Company Secretary. The Committee will have access to the services of the Corporate Secretariat on all Committee matters.

7.2 Resources – Management will ensure that adequate resources and advice are made available to the Committee to undertake its duties. Funds should be made available to the Committee to enable it to take independent legal, accounting or other advice when the Committee reasonably believes it necessary to do so.

7.3 Information – Management will ensure that all relevant internal controls, financial, auditing, accounting and other information relevant to the discharging by the Committee of its responsibilities, as detailed in paragraph 4 above, is provided to the Committee promptly.

7.4 Regulators – The Chairman, Group Chief Executive, Barclays Chief Risk Officer, Group Head of Compliance and Group Finance Director will keep the Committee advised of the relationship between the Group and the PRA/FCA, the Federal Reserve and its other principal supervisors and regulators.

7.5 Regulatory compliance – Management will ensure that any material adverse reports or sanctions by any regulatory authorities are brought to the attention of the Committee promptly, together with a report on measures taken to avoid the breach recurring. Any material matters discussed with or reported to any of the Group’s supervisors or regulators will be reported to the Committee.

7.6 Litigation statement – A semi-annual litigation statement will be submitted to the Committee in February and July as part of the Committee’s consideration of the full and half-year results.

Amendments to Terms of Reference

The Committee shall review, on an annual basis, these Terms of Reference and may recommend to the Board any changes it considers necessary.

Barclays Corporate Secretariat
April 2015
INTRODUCTION
It is the policy of the Board of Barclays PLC and Barclays Bank PLC to maintain an independent internal audit function to undertake internal audit work throughout Barclays. This Charter for Internal Audit defines the purpose, authority and responsibilities of Internal Audit.

PURPOSE
The objective of Internal Audit is to provide independent, reliable, valued, insightful and timely assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over current, systemic and evolving risks, in the context of the current and expected business environment and in accordance with the International Standards definition of internal auditing.

ORGANISATION
To provide for its independence, all Internal Audit staff report to the Barclays Chief Internal Auditor who in turn reports functionally to the Board Audit Committee and administratively to the Barclays Chief Executive Officer. This seniority level within the organisation ensures the appropriate standing, access and authority to challenge the Executive.

The Board Audit Committee is responsible for the appointment, and as necessary, the removal of the Barclays Chief Internal Auditor subject to approval under the FCA/PRA Approved Person regime.

The Board Audit Committee is also responsible for evaluating the performance of Internal Audit on a regular basis. In doing so, it identifies appropriate criteria for defining the success of Internal Audit, in addition to the delivery of the audit plan.

The Chairman of the Board Audit Committee is accountable for:
- Recommending the remuneration of the Barclays Chief Internal Auditor to the Remuneration Committee
- Setting the objectives and appraising the performance of the Barclays Chief Internal Auditor, considering also the views of the Barclays Chief Executive. This appraisal considers the independence, objectivity and tenure of the Chief Internal Auditor.

The remuneration of the Barclays Chief Internal Auditor and Internal Audit staff is structured in a manner such that it avoids conflicts of interest, does not impair their independence and objectivity and is not directly or exclusively linked to the short term performance of the organisation.

AUTHORITY
Internal Audit’s authority is received from the Board Audit Committee with the endorsement of the Barclays Chief Executive.

The Barclays Chief Internal Auditor and staff of Internal Audit are authorised to:
- Have unrestricted access to all information, functions, records, systems, property, and staff anywhere within Barclays, relevant to their role and may attend Executive Committee meetings
- Have uninhibited right of access to the Chairman of the Barclays PLC Board, the Chairman of the Board Audit Committee, other Board Committees as appropriate and to the Barclays Chief Executive
- Allocate resources, set frequencies, select subjects, determine scopes of work, assess audit need and coverage and apply the techniques required to accomplish audit objectives
- Obtain the necessary assistance of staff in Barclays as well as other specialised services from within or outside Barclays.

The Barclays Chief Internal Auditor is invited to attend and observe all Board Audit Committee meetings, Barclays Executive Committee meetings and any other key management decision making fora.

INDEPENDENCE AND OBJECTIVITY
Internal Audit staff will at all times be objective, constructive and not be influenced by personal, business or other issues, which might impair impartiality. Internal Audit staff will not be involved in providing internal audit services in relation to a business activity for which they have had responsibility within the previous 12 months.
Internal Audit staff will need to have sound judgement. This will require them to have appropriate skills, experience and expertise and to conduct their work with proficiency and due professional care.

Effective Risk Management, Compliance and Finance functions are an essential part of an organisation’s corporate governance structure. Internal Audit is independent of these functions and is neither responsible for, nor part of, them. Internal Audit will include within its scope an assessment of the adequacy and effectiveness and will exercise informed judgement on when to place reliance on the work of these functions.

Internal Audit staff will engage in continuing professional development. If the knowledge, skills and competencies required to perform an engagement are not available within Internal Audit, the Barclays Chief Internal Auditor will obtain alternative advice, assistance or resources.

The Barclays Chief Internal Auditor will attest annually on the independence of the internal audit function. If Internal Audit’s independence or objectivity is impaired, the details of the impairment will be disclosed to the Chairman of the Board Audit Committee.

Whilst Internal Audit staff should have sufficient knowledge to identify the indicators of fraud, they are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

SCOPE
The scope of Internal Audit takes into account business strategy and is focused on key controls mitigating current, systemic and evolving risks to Barclays (including key corporate events), assessing the effectiveness of risk management and risk mitigation in the context of the current and expected business environment. Internal Audit also has within its scope:

- The risk and control culture of the organisation including assessing whether processes, actions and ‘tone from the top’ and ‘tone in the middle’ are in line with the values, ethics, risk appetite and policies of the organisation
- Managements’ control awareness (attitude and approach taken by all levels of management) and internal control, including managements’ approach to addressing known issues
- Whether the key risks to the organisation have been identified and assess how effectively these are being managed
- The processes and controls, including customer outcomes supporting strategic and operational decision making, and whether information presented to the Board and Executive Management fairly represents the benefits, risks and assumptions associated with strategy and corresponding business plans
- Whether Management is adequately designing and controlling products, services and supporting processes in line with customer interests and conduct regulation.

In addition Internal Audit may carry out special investigations and undertake work required by regulators, or may apply discretion to validate remediation of Regulatory issues. When required, Internal Audit provides assurance to third parties on Barclay’s system of internal control in the form of ‘Third Party Attestations’ and follows internal procedures to mitigate the risk of providing such assurance.

In the normal course of standard audits Internal Audit will not undertake consulting services. Internal Audit may, however, within its remit undertake specific controls assurance work to independently validate progress or completion of large scale management remediation programmes and selected third party supplier operated controls.

In addition, as permitted under the standards of the Institute of Internal Auditors, the Barclays Chief Internal Auditor may direct non-audit services where the services have potential to improve the governance, risk management, controls processes and of control environment. These services will be appropriately included in the Internal Audit Plan and will include a clear strategy and timeline for migrating the responsibility for these services to management.

All activities undertaken within and on behalf of Barclays fall within the scope of Internal Audit’s remit. There are no restrictions on the scope of Internal Audit’s work. Internal Audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results.

RESPONSIBILITIES
The Barclays Chief Internal Auditor, in the discharge of his or her duties, is responsible to the Board Audit Committee and to executive management for:
Developing and leading a high performing and sustainable audit function as benchmarked against external best-practice standards of service quality, effectiveness and efficiency and which delivers value added assessment and reporting of the effectiveness of Barclays risk management controls and methodologies and their ability to respond to new, systemic and evolving risks in the context of the current and expected business environment.

Ensuring that Internal Audit staff have the skills and experience commensurate with the risks of the organisation. This may entail training, recruitment, secondment from other parts of the organisation or co-sourcing with external third parties. The Barclays Chief Internal Auditor will provide the Audit Committee with a regular assessment of the skills required to conduct the work needed, and whether the Internal Audit budget is sufficient to allow the function to recruit and retain staff with the expertise and experience necessary to provide effective challenge throughout the organisation and to the Executive.

Maintaining an appropriate risk appetite to cover the material risks, regulatory requirements and cyclical coverage through a flexible annual Audit Plan and a ‘6+6 rolling plan’ coverage programme.

The Audit Plan is to be discussed with Barclays Chief Executive and Executive Management before being presented to the Board Audit Committee for approval.

Maintaining the flexibility of the Audit Plan, Internal Audit maintains day to day interaction with key clients across the business to remain alert for new and emerging risk. The audit plan is a risk based plan that is formally updated on an a ‘6+6 rolling plan’ approach following any changes in Barclays risk profile, with approval sought from the Board Audit Committee for any requested changes to the plan. This means, the next six months audit plan is fixed, and the following six months, whilst planned, have adequate flexibility to allow for change.

Monitoring market conditions to be alert for new and emerging risks resulting from changes in current market forces, economies at risk and regulatory changes impacting the groups businesses or jurisdictions, Internal Audit will review the impact on existing audit plans and ensure where appropriate coverage is reprioritised and refocused.

Monitoring proposed significant strategic decisions, to ensure a timely and appropriate response is delivered for any proposed acquisitions, de novo start ups, business disposals, business transfers or mergers. Internal Audit will review the impact on existing audit plans and ensure where appropriate coverage is reprioritised and refocused.

Delivering the agreed internal audit plan through the issuance of audit reports, and other assurance, to management and to the Chairman of the Board Audit Committee, in accordance with the internal audit methodology.

Identifying, analysing, evaluating and recording sufficient information during the execution of internal audit work to achieve the internal audit objectives. Audit results shall be communicated accurately and timely following the completion of audit work.

Providing periodic (at least quarterly) reports to the Board Audit Committee summarising the status of the Audit Plan, the results of audit activities and details of significant issues identified.

Monitoring follow-up action undertaken by management to remedy weaknesses identified by Internal Audit, forming a view on whether the action taken is sufficient, timely and controls introduced are operating as intended to mitigate the risk.

Maintaining an open, constructive and co-operative relationship with regulators, internal control functions (e.g. Risk, Finance and Compliance) and the appointed external auditors; which support sharing of information relevant to carrying out their respective responsibilities.

STANDARDS OF PRACTICE

Internal Audit and all Internal Audit staff are expected to comply with The Barclays Way, policies and ethical standards, the Standards for the Professional Practice of Internal Auditing and Code of Ethics published by the Institute of Internal Auditors (together the IIA ‘Standards’).

Internal Audit plans and performs its assurance work to the standards and requirements set out in the Internal Audit methodology covering: annual planning; audit planning; audit execution; audit reporting; and post audit issues validation. Internal Audit maintains a quality assurance function and a continuous improvement programme that covers all aspects of internal audit activity and continuously monitors its effectiveness. The independent Internal Audit Quality Assurance (QA) team operates an annual programme of review activity to sample all Internal Audit activity. The annual QA programme includes: ‘in-flight’ reviews of in-progress audit work; ‘audit file’ reviews sampling completed audit work; challenge of the semi-annual planning process; cyclical, internal audit team conformance testing reviews of conformance to Barclays Polices and BIA processes; thematic reviews of other priority focus areas for Internal Audit; risk based reviews of high impact Internal Audit reports pre issue; and close involvement in major change activities across Internal Audit.
Internal Audit QA will self-assess conformance with the Standards on an annual basis. This self-assessment is presented to the Board Audit Committee annually. Where full compliance with the IIA definition of internal auditing, the IIA Standards or the IIA Code of Ethics is not achieved and where this impacts the overall scope of operation of internal audit activity, this will be explicitly disclosed to the Board Audit Committee including the principle on non-conformance, reasons and impact of the non-conformance. In evaluating the performance of Internal Audit, the Board Audit Committee will consider the results of the internal quality assurance programme.

In addition, the Board Audit Committee obtains an independent and objective external assessment by a qualified reviewer, at least once every five years. This may take the form of periodic reviews of elements of the function, or a single review of the overall function.

EXCEPTIONS OR VARIATIONS
Any exceptions or variations to the purpose, authority and responsibilities of Internal Audit must be approved in advance by the Board Audit Committee.

This Charter will be reviewed at least annually to ensure it remains current and in accordance with current procedures, standards and good practice.

Approved by:

_________________________________
Chairman, Board Audit Committee

Dated
8 December 2015
1. Constitution, meetings etc.

1.1 **Membership** - will comprise members of the Board Audit Committee of Barclays PLC ("the Company")

1.2 **Quorum** - shall be three.

1.3 **Meetings** - The Committee shall meet contemporaneously with the audit committee of the Company and on such other occasions as shall be necessary or appropriate to fulfil its functions as a Qualified Legal Compliance Committee. Each meeting will receive a report of any "material violations" prepared in accordance with 3 below.

The Chairman of the Barclays Group and the chairman of the Committee may each request that a meeting should be held at any time. The Group General Counsel may request a meeting to be held at any time.

1.4 **Chairman** - shall be appointed by the Board.

1.5 **Secretary** - the Group Secretary, and/or the Deputy Secretary or an Assistant Secretary, shall attend all meetings of the Committee.

1.6 **Minutes** - will be circulated to all members, the Group Chief Executive and the Group General Counsel, and reports made to the Board following each meeting of the Committee.

1.7 **Attendees** - Attendees shall be those persons directed to attend by the Committee. Attendees are not members of the Committee and they may be collectively or individually requested to withdraw from meetings of the Committee if required to do so by the Chairman of the Committee or any member of the Committee serving as chairman of the meeting.

1.8 **Advice** - the Committee shall have the power to engage independent counsel and other professional advisers at the expense of the Group, and to invite them to attend meetings.

2. Scope of authority

2.1 The Committee is a committee of the Board of the Company, to which Board it will report on a regular basis. The Committee is concerned with the business of the whole Barclays Group and its authority extends to all relevant matters relating to the Company and to Barclays Bank PLC and their business groups and subsidiaries.

2.2 The Committee has authority to investigate any matters within its responsibilities and to obtain such information as it may require from any director, officer or employee of the Barclays Group.

2.3 The Committee, with respect to any matter arising under 3 below, has the authority and responsibility, acting by majority vote, to take all appropriate action, including notification of the U.S. Securities and Exchange Commission, if the Group fails to implement the recommendations proposed by the Committee in its capacity as a Qualified Legal Compliance Committee.
3. Responsibilities of the Committee

The prime function of the Committee is to investigate and take remedial action with respect to any reports of “material violations”.

The Committee shall:

(i) establish written procedures for the confidential receipt, retention and consideration of reports of material violations;

(ii) inform the Group Chief Executive and the Group General Counsel of any report of evidence of a material violation (except where it is reasonably believed that such a communication would be futile);

(iii) decide whether an investigation is necessary to determine whether in fact there is a material violation, and if so, to:

- notify the full Board;
- initiate an investigation, which may be conducted by the Group General Counsel or outside attorneys (retained pursuant to (1.8) above); and
- retain such additional expert personnel as the committee deems necessary;

(iv) at the conclusion of any investigation;

- recommend, by a majority vote, that the Group implement an appropriate response to the evidence of a material violation;
- inform the Group Chief Executive and the Group General Counsel and the Board of the results of the investigation and the appropriate remedial measures to be adopted.

As used in these terms of reference, a “material violation” shall include a material violation of U.S. federal or state securities laws or a breach of U.S. federal or state common law or statutory fiduciary duty, including malfeasance, nonfeasance, abdication of duty, abuse of trust and approval of unlawful transactions. A “material violation” shall also include any similar violation of any U.S. federal or state law.

Group Corporate Secretariat
July 2003