



**SunLine Transit Agency**  
**September 26, 2018**  
**11:30 a.m. – 11:45 a.m.**

## **AGENDA**

### **BOARD OPERATIONS COMMITTEE**

**Wellness Training Room  
32-505 Harry Oliver Trail  
Thousand Palms, CA 92276**

In compliance with the Brown Act and Government Code Section 54957.5, agenda materials distributed 72 hours prior to the meeting, which are public records relating to open session agenda items, will be available for inspection by members of the public prior to the meeting at SunLine Transit Agency's Administration Building, 32505 Harry Oliver Trail, Thousand Palms, CA 92276 and on the Agency's website, [www.sunline.org](http://www.sunline.org).

In compliance with the Americans with Disabilities Act, Government Code Section 54954.2, and the Federal Transit Administration Title VI, please contact the Clerk of the Board at (760) 343-3456 if special assistance is needed to participate in a Board meeting, including accessibility and translation services.

Notification of at least 48 hours prior to the meeting time will assist staff in assuring reasonable arrangements can be made to provide assistance at the meeting.

<b><u>ITEM</u></b>	<b><u>RECOMMENDATION</u></b>
<b>1. CALL TO ORDER</b>	
<b>2. ROLL CALL</b>	
<b>3. PRESENTATIONS</b>	
<b>4. FINALIZATION OF AGENDA</b>	
<b>5. PUBLIC COMMENTS</b>	<b>RECEIVE COMMENTS</b>

### **NON AGENDA ITEMS**

Members of the public may address the Committee regarding any item within the subject matter jurisdiction of the Committee; however, no action may be taken on off-agenda items unless authorized. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Comments may be limited to 3 minutes in length.

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<b><u>ITEM</u></b>	<b><u>RECOMMENDATION</u></b>
<b>6. COMMITTEE MEMBER COMMENTS</b>	<b>RECEIVE COMMENTS</b>
<b>7. REVIEW OF AUDIT ROTATION POLICY</b> (Staff: Luis Garcia, Deputy Chief Financial Officer)	<b>DISCUSSION</b> (PAGE 3)
<b>8. ADJOURN</b>	

## SunLine Transit Agency

**DATE:** September 26, 2018 **DISCUSSION**  
**TO:** Board Operations Committee  
**FROM:** Luis Garcia, Deputy Chief Financial Officer  
**RE:** Review of Audit Rotation Policy

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### **Background**

The purpose of this report is to discuss SunLine Transit Agency's Audit Rotation Policy No. B-060118 and ensure that staff's position on the policy aligns with the Board's direction. The Audit Rotation Policy, adopted March 2018, was created in response to a request by Board Members to limit audit firm tenure for SunLine's yearly financial audit. The limitation of audit firm tenure is a control to ensure the independence of SunLine's yearly financial audit.

The clarification around the policy focuses on the distinction between SunLine's financial audit and pension audit. These two audits are required every year and have historically been conducted by two separate audit firms. It is staff's position that the audit rotation policy relates to SunLine's financial audit and does not apply to the yearly pension audit.

The pension audit is primarily a compliance audit and does not have the same level of complexity as the financial audit. Additionally, SunLine's pension plans are distinct as a government defined benefit plan that is exempt from the Employee Retirement Income Security Act of 1974 (ERISA). The nature of the plans limit the number of qualified audit firms, and therefore if the Audit Rotation Policy was applied to the pension audit, this could hinder the competitive procurement process and could result in a lower quality audit.