

TSASC, INC.
POLICIES AND PROCEDURES MANUAL

INTERNAL CONTROLS

OVERVIEW

TSASC, Inc.'s ("TSASC") internal control objectives include, but are not limited to: the safeguarding of assets (including preventing the intentional or unintentional misapplication of funds), ensuring the accuracy and reliability of accounting data and financial reporting (including ensuring proper documentation of all transactions), promoting the effectiveness and efficiency of operations and ensuring compliance with applicable laws and regulations.

Internal controls exist in each area of TSASC where financial activities take place, and may be categorized as (A) controls related to funds received, held, invested and disbursed by TSASC's bond Trustee and (B) other control measures including record keeping activities. These types of controls are discussed in this Manual.

The control measures used by TSASC are periodically reviewed by TSASC managers and changed as deemed necessary, and this Manual will be reviewed and, if appropriate, updated at least annually. While not part of TSASC's system of internal control, TSASC is subject to audit annually by independent auditors. Any comments or recommendations pertaining to TSASC's internal controls made by the independent auditors are reviewed by management and, if the value of the expected risk reduction is expected to be greater than the additional cost, they are incorporated into TSASC's internal controls.

Throughout this document two Trusts and three Trustees are identified. There is the Indenture Trust/Trustee (the "Indenture Trust/Trustee") between TSASC and its bondholders, the Delaware Trust/Trustee between TSASC and the TSASC Tobacco Settlement Trust, (the "Delaware Trust/Trustee"), and the Controlling Trustees (New York City's (the "City") Director of Management and Budget and the City's Corporation Counsel). The City is the beneficial owner of the TSASC Tobacco Settlement Trust.

In accordance with the New York City Comptroller's Directive 1, TSASC will prepare an annual Financial Integrity Statement based upon a current Directive 1 Checklist with respect to management's assessment of TSASC's internal control environment.

Organization

Overseen by its Board of Directors ("Board") and directed by its President, TSASC's internal operations are carried out by three functional areas within the organization. While all activities of TSASC require close coordination and cooperation among all units

and with the New York City Office of Management and Budget (“OMB”), the following are the primary responsibilities of each:

1. Secretary’s Office – Directed by TSASC’s Secretary and the Assistant Secretaries and their staff, the Secretary’s Office is responsible for all legal affairs of TSASC, including providing staff support for the operations of the Board and committees of the Board, drafting and interpretation of all contracts, agreements, and legal documents and dissemination of new or revised Board approved policies to staff.
2. Treasurer’s Office – Directed by TSASC’s Treasurer and his or her staff, the Treasurer’s Office is responsible for the finance function of TSASC, including working with all parties on structuring and executing bond issuances, modeling debt service requirements, and directing the investment of TSASC’s funds.
3. Accounting Unit – Directed by TSASC’s Comptroller, Deputy Comptroller (DC), Assistant Comptroller, and the Finance Manager (collectively, the “Accounting Managers” or “AM”), the Accounting Unit is responsible for maintaining accounting books and records and the preparation of financial statements and other financial reports, on-going monitoring of TSASC’s resources and coordination with and oversight of the Trustees. The Unit’s staffing is further comprised of:
 - a. A supervisor of accounting services (“SAS”) who directs and reviews the work of the other staff and reports to an AM;
 - b. An accounts payable staff (“APS”) member who is responsible for entry of accounts payable vouchers and payment information, as well as approved journal entries, into TSASC’s electronic accounting system, which is currently Microsoft Dynamics (formerly known as Great Plains) (the “Accounting System”) and reports to the SAS and/or an AM; and
 - c. Other members of the accounting unit staff (“AUS”) who are assigned to prepare journal entries, monitor account activity, and maintain schedules and analyses necessary for the preparation of year-end financial statements and other recurring and ad-hoc financial reports and reports to the SAS and/or an AM.

[Note: Throughout this Manual, when one AM is unavailable to perform a noted function on a timely basis, another AM can perform that function. When APS or AUS are unavailable to perform a noted function on a timely basis, the SAS can perform that function or delegate it to another staff member who has performed no conflicting duties pertaining to that matter. Where the SAS performs a staff function, review and approval will be done by an AM.]

TSASC has one bond issuance outstanding which was issued on February 8, 2006. This issue was primarily used to restructure all of TSASC’s outstanding indebtedness and advance refund all bonds outstanding in Series 1999-1 and Series 2002-1 and pay all of the bonds outstanding under the Transportation Infrastructure Finance Innovations Act of 1998 Loan Agreement (“TIFIA”). The Amended and Restated Indenture dated January 1, 2006 (the “Indenture”) provides that 37.40% of collections are Pledged and are required to be applied to the payment of debt service and the operating costs of TSASC

and that 62.60% of collections are Unpledged and are due the Delaware Trust as outlined in the [Amended and Restated Declaration and Agreement of Trust by and among TSASC, Inc., Wilmington Trust Company, as Delaware Trustee, and each of the Individual Signatories Hereto, as Trustee, Dated as of January 1, 2006](#) of which the City is the sole beneficial owner of the Delaware Trust. Transfers to the Delaware Trust are currently made prior to June 30th.

RECEIPTS

Tobacco Settlement Revenues (the “TSR”)

Each April 15, in accordance with the Master Settlement Agreement (the “MSA”), dated November 23, 1998, between the Attorney Generals of the 46 settling states and the participating cigarette manufactures (PMs), TSASC receives 3.403634% of the available TSRs paid primarily by the PMs. The independent auditors engaged in accordance with the MSA, currently PriceWaterhouseCoopers (“PWC”), determine the amount of all payments owed to the settling states pursuant to the MSA. This information is available on PWC’s website, www.tlmsa.net, a confidential website and the information contained in this website should not be shared with any outside individuals or entities, including TSASC’s independent auditors.

The TSRs paid by the PMs are deposited into an escrow account currently maintained at CitiBank. The New York State Attorney General’s Office, Tobacco Compliance Office (AG) is the liaison between PWC and the recipients of the New York State TSRs. TSASC’s share of TSRs is wired from CitiBank to the Indenture Trustee as established through the Indenture.

In early April, the SAS and/or an AM or his/her designee accesses the PWC’s website to determine the projected amount of TSRs to be received by the State on April 15th. The information is confirmed with TSASC’s Treasurer who also has access the PWC’s confidential website. The SAS and/or an AM notifies the Indenture Trustee of the expected amount of TSRs to be received by TSASC.

On April 15th, the PMs and other related parties deposit their required payments into the Escrow Account at CitiBank. Due to the volume of receipts and disbursements on April 15th, CitiBank will notify PWC the total amount of TSRs received by 11 a.m. Based upon this information, PWC will instruct CitiBank to wire the appropriate amount to each recipient. CitiBank wires TSASC’s TSRs to the Indenture Trustee for deposit into TSASC’s collection account sometime mid-afternoon on April 15th. Any PM deposits received by CitiBank after 11 a.m. on April 15th will be distributed on April 17th by CitiBank.

The SAS and/or an AM confirms with the AG and the Indenture Trustee the amount of TSRs received by TSASC on April 15th and instructs the Indenture Trustee via letter, signed by two authorized signatories, how the TSRs should be transferred from

TSASC's Collection Account (37.40% into the Pledged Account and 62.60% into the Unpledged Account) to JP Morgan Chase ("Chase") for deposit into the Chase Prime Money Market Accounts for investment through the 5th business date after receipt (the "Waterfall" date). The SAS and/or an AM will confirm with Chase as to the receipt of the funds.

The SAS and/or an AM confirms with CitiBank if there will be any additional distributions to be made on April 17 to TSASC. The DC compares the total of TSRs received by TSASC to the PWC website and if there is any discrepancy, contacts the AG office to determine the reason for the discrepancy. This information is shared with the Treasurer. Any distributions received on April 17 follow the procedures as outlined above regarding receipt of TSRs.

For the further handling of the Pledged funds, see the *Debt Service Payments* section; for the further handling of Unpledged funds, see the *Transfers to the TSASC Tobacco Settlement Trust*, under *Disbursement* section of this Manual.

Miscellaneous Cash Receipts

While the major sources of cash for TSASC are the TSRs and interest income (see the *Interest Income* section of this Manual), there is an occasional receipt of a check.

An analyst (a staff member with no accounting responsibilities) opens all mail in the Accounting Department and distributes the mail to the appropriate person. If a check is received, the analyst records the receipt of the check in the Check Control Log, detailing date, amount, payer, and other relevant information, and gives the check to the SAS and/or an AM who in turn gives the check to the AUS to research the reason for the receipt and thus the proper accounting, and to deposit into the appropriate bank account. Any check received by OMB or another department of TSASC should be hand delivered to the analyst. The analyst follows the same procedures detailed above for recording the check. The check is secured in a locked area until deposit. As the Indenture Trustee does not have any retail banking units, the AUS prepares a letter to the Indenture Trustee detailing the amount, payer of the check and bank account to which the check should be deposited. This letter is signed by the SAS and/or an AM or authorized designee and AUS hand delivers the check along with the letter to the Indenture Trustee representative for deposit into the appropriate TSASC bank account. A copy of the signed letter is given to the SAS and/or an AM. Another copy of the letter and supporting documentation is filed in the bank file and an entry recording the cash receipt is made in the general ledger upon deposit with the Indenture Trustee. At month end the SAS and/or an AM confirms that the deposit is reflected in the bank statement and in the general ledger.

Interest Income

All interest income is posted to the individual bank accounts and reported on the monthly bank statements by the financial institutions. The bank account statements are reviewed

and recorded through monthly journal entries prepared by the AUS as described in the *Journal Entries* section of this Manual.

Interest earnings from the Debt Service accounts are used to fulfill TSASC's debt service retention, See *Debt Service Payments* section of this Manual.

Interest earnings from the Operating Accounts are retained in the Operating Accounts and are used for TSASC's operations.

Interest earnings from the Unpledged Account are due to the City, as the beneficial owner of the Delaware Trust. See *Disbursement section* of this Manual.

Debt Service Retention

The Treasurer maintains debt service models which tracks the debt service requirements for TSASC. TSASC currently pays interest only on the outstanding bonds. However, if there are Pledged funds available after retaining the annual required interest payments, the excess funds are used to Turbo redeem bonds. See *Debt Service Payments section* of this Manual.

The SAS and/or an AM reviews the debt service models for reasonableness and rely upon them for financial statement preparation and debt service requirements.

DISBURSEMENTS

Transfers to the TSASC Tobacco Settlement Trust (the Delaware Trust)

Pursuant to a Purchase and Sale Agreement dated as of November 18, 1999, as amended (the "TSR Purchase Agreement"), the City sold to TSASC the Tobacco Assets, including the City's right to receive its portion of the TSRs. Under the Indenture, TSASC has assigned and pledged only the Pledged TSRs to the Indenture Trustee. The purchase price paid by TSASC to the City under the TSR Purchase Agreement gives the City 100% beneficial ownership interest in the Delaware Trust. The assets of the Delaware Trust consist primarily of a security (the "Residual Certificate") which entitles the Delaware Trust to the Unpledged TSRs received by TSASC. The Delaware Trust has its own trustee ("Delaware Trustee") which is different from the Indenture Trustee.

The Delaware Trust receives the Unpledged TSRs (62.60% of the TSRs received) as described under the *Tobacco Settlement Revenues under Receipts* section of this Manual. The Unpledged TSRs are kept in the Unpledged TSR bank account maintained at the Indenture Trustee bank until they are transferred, along with any interest earnings, to the Delaware Trustee for deposit into the Delaware Trust Distribution Account. The Delaware Trustee releases the funds to the City, net of the Delaware Trust's operating expenses, upon authorization by the Controlling Trustees. (see below). This transfer currently occurs prior June 30th.

The SAS and/or an AM confirms the amount of money to be transferred to the Delaware Trustee with the Indenture Trustee.

The SAS and/or an AM contacts the Delaware Trustee to obtain the projected annual operating expenses of the Delaware Trust. The SAS and/or an AM will prepare a schedule reporting the total Unpledged TSRs received, cash in TS Distribution Account, projected interest earnings and projected operating expenses. This schedule is reviewed by the SAS and/or an AM and the Delaware Trustee. The total amount is transferred to the Delaware Trustee and deposited into the Delaware Trust Distribution bank account. The net amount, after operating expenses, is transferred to the City upon authorization of the Controlling Trustees. The Controlling Trustees meet to review and approve the projected transfer and authorize the transfer through a jointly signed letter to the Delaware Trustee authorizing and directing the Delaware Trustee to transfer the authorized amount to the City from the Delaware Trust Distribution Account. This letter includes the City's wiring instructions, which have been confirmed by the SAS and/or an AM. Prior to the transfer date, a letter along with a copy of the Controlling Trustees' transfer authorization, is sent to the Indenture Trustee, signed by two authorized signatories, instructing the Indenture Trustee to send the authorized amount to the Delaware Trust bank account from the Indenture Trustee's Unpledged bank account. The SAS and/or an AM confirms that the funds have been received by the Delaware Trustee. The City's Department of Finance is notified of the amount and expected date of receipt of these funds into the City's Central City Treasury.

On the day of the transfer, the Delaware Trustee will forward the SAS and/or an AM the wire transfer reference number. The SAS and/or an AM confirms with the City the amount received from the Delaware Trustee.

Vendor Payments

In addition to checking for mathematical accuracy of all invoices, the APS compares the invoice to the order, receiving report, or contract for the correct pricing of goods and services, and verifies that no sales tax has been included in the invoice, and initials the invoice to document this review. All invoices are then approved by the TSASC officer/manager with the most direct knowledge of and/or responsibility for the goods or services for which payment is to be made.

The approved invoice is entered by APS into the payable management module of TSASC's Accounting System and the data entry is reviewed by AUS for accuracy of posting codes, amounts, vendor name, and other relevant information. After the invoices are reviewed and posted, the APS uses the pre-numbered company checks to generate payment, or the AUS prepares a wire payment instruction letter signed by two authorized signers.

1. Check Payments

All unused checks are kept in a locked file cabinet under the control of the SAS and/or an AM. To confirm that there is no break in the sequential order of checks, each time a check run is generated the check register is printed detailing the numerical listing of the previous check run to confirm that there are no breaks in check order. The check register is included in the package containing the checks and supporting documentation for review and approval (see below). The check register is initialed by a check signer to indicate sequence verification, dated and filed. All checks must have two authorized signatures. The checks are placed in a windowed envelope and mailed via the mailroom operations of OMB.

2. Wire Payments

Instruction letters for wire payments are prepared by AUS directing the Indenture Trustee to wire money from TSASC's bank accounts to the appropriate recipients. All letters must contain the amount of the wire payment, the payment date, and the account numbers from and to which the money will be wired. All letters must be signed by two authorized signers. The Indenture Trustee sends TSASC a confirmation of the executed wire transfer and includes the wire number and date of the wire.

The processed invoices are stamped "Paid" and the check number or Federal Funds wire number and payment date are entered on the invoice. The stamped invoices and checks or wire payment instruction letters are presented to the authorized signers for review and signature. If a signer approved the invoice, he/she cannot sign the check or wire transfer letter. After the checks or wire payment instruction letters are signed, the check stub or letter and all supporting documentation are filed by vendor name.

All vendors must complete and sign an IRS Form W-9 (or its equivalent) and send it to the TSASC Accounts Payable Department before payment can be made to the vendor. This information is used to determine if a 1099 must be issued to the vendor for payments from TSASC.

TSASC Tobacco Settlement Trust Disbursements

TSASC is not responsible for the payment of the Delaware Trust's expenses. However, the Delaware Trustee sends a copy of all invoices to be paid from Delaware Trust funds for TSASC's review. If clarification is needed, the SAS and/or an AM contacts the Delaware Trustee for further explanation. Copies of the invoices are kept by SAS and/or an AM who also maintains a schedule of all Delaware Trust expenses and reconciles the monthly bank statements of the Delaware Trust.

1099 Preparation and Issuance

The APS prepares the IRS forms 1099 and 1096 for distribution to payees and to the IRS annually. Although there are several types of 1099 forms, TSASC uses only the 1099-

MISC used to report gross proceeds paid to attorneys, and payments for services performed by non-employees.

The 1096 is used as a transmittal document when reporting 1099's to the Internal Revenue Service. The APS compiles a schedule showing all payments from January 1 to December 31st. The 1099 and 1096 are checked by the APS for accuracy before submitting to the TSASC officer (generally the SAS and/or an AM) for his or her review and signature. All 1099s are mailed prior to January 31, and all 1096s are mailed prior to February 28.

Debt Service Payments

TSASC pays semi-annual interest on its bonds from the Pledged Account. The SAS and/or an AM confirms the projected interest payments with the Treasurer and the Indenture Trustee. After retaining sufficient funds to cover the agreed upon interest payments for the following fiscal year, the excess funds are used to Turbo redeem TSASC's serial bonds. The SAS and/or an AM prepares a schedule to determine the amount to be Turbo redeemed. The Turbo redemption and interest payments occur on June 1 and December 1. The SAS and/or an AM confirms the amount to be Turbo redeemed and the interest payments with the Treasurer and the Indenture Trustee. On the debt service payment date, the SAS and/or an AM confirms with the Indenture Trustee the total payment of principal and interest paid. (See the *Debt Service Retention* section of this Manual). The next day the AUS logs on to Indenture Trustee's electronic information network system containing TSASC's bank statements, and checks the appropriate bank account statement to determine that the correct amounts were transferred from TSASC's bank accounts. If there are any discrepancies, the Indenture Trustee will be immediately notified by the SAS and/or an AM for a resolution of the discrepancy.

Internal Funds Transfers

Instruction letters for wire transfers among TSASC's bank accounts are signed by one authorized signer except for activities for TSASC's operating accounts which require two authorized signers.

The signed letters are faxed to the Indenture Trustee and copies are submitted with the monthly bank statements and the proposed journal entries for review by the SAS and/or an AM.

INVESTMENTS

The universe of allowable investments for the TSASC is defined in the Indenture. Additionally, TSASC has Investment Guidelines adopted by the Board of Directors. All investments are to be made within the constraints imposed by the Indenture and Investment Guidelines. Based upon instructions received from the Treasurer, investment letters are prepared authorizing the Indenture Trustee to invest funds on behalf of

TSASC. The instruction letter for the purchase, sale or rollover of investments, instructs the Indenture Trustee how the funds are to be invested including the investment vehicle and the required maturity date of the investments. The letter is signed by one authorized signer.

FINANCIAL ACCOUNTING AND REPORTING

The recording of TSASC's financial transactions into the Accounting System is through vouchers for vendor payments and through journal entry for all other transactions.

Recording of Bond Issuance Costs

Bond issuance costs may either be paid directly from the bond proceeds at the time of the closing of the bond issuance or paid at a later date through the invoice process. For payments made at the closing, closing documents are forwarded to the accounting department for recording in the general ledger as part of the recording of the bond issuance. Payments requested by invoice are processed as discussed in the *Vendor Payments* section of this Manual. TSASC has not issued a bond since 2006.

Journal Entries

Journal entries are prepared by AUS to record all transactions, other than vendor payments, as part of the following monthly journal entry preparation process.

AUS reconciles the Indenture Trustee bank account statements and verifies that all transactions reported were made in accordance with TSASC instruction letters for transfers between accounts, investment of funds, and disbursements. Any discrepancies are immediately investigated and resolved with the Indenture Trustee. Activity in each account is summarized by AUS and the summaries are used by AUS to prepare journal entries for the month.

The SAS and/or an AM reviews the journal entries prepared by the AUS and applies the final approval and sign-off before entry into the general ledger. The APS enters the journal entries into the general ledger. The posted journal entry is examined by the AUS for accuracy after the entries are accepted.

Checking Account Reconciliation

TSASC's Accounting System checkbook is reconciled each month to the account statement provided by the bank. Reconciliations are generally completed within 30 days after month end. Differences, if any, are promptly investigated and resolved. The reconciliation is prepared by AUS, reviewed and approved by SAS and/or an AM.

All checks outstanding for 6 months are cancelled through the bank and in the accounting system. Staff attempts to contact the vendor to determine if TSASC has the correct address and/or the reason for non-deposit of the check by the vendor in order to re-issue

the check. Until there is a resolution as to the reissuance, only the check is cancelled with the outstanding liability remaining on TSASC's books.

Fiscal Year End Closing and Financial Reporting

Shortly after the fiscal year ends, the Comptroller requests that the Secretary's Office and the Treasurer's Office contact all vendors and service providers and obtain invoices for goods and services provided through June 30th so that the expenditure is accrued and reported in the proper fiscal year. Additionally, all vendor payments made between fiscal year end and the conclusion of the annual audit are analyzed by AUS for proper treatment as an expenditure of the current or prior fiscal year.

At year end, AUS and SAS and/or an AM prepare all closing schedules and analyses needed for adjusting entries, disclosures, and for auditors (including but not limited to: amortization schedules for bond issuance costs and bond premiums and discounts, bond interest payable accruals, investment income accruals, deposit and investment categorization). Where required due to technical complexity, selected schedules and analyses may be prepared by an AM.

Schedules and analyses prepared by AUS are provided to the SAS and/or an AM along with supporting documentation for review. Those prepared by SAS are reviewed by an AM. Schedules and analyses pertaining to deposits, investments, outstanding bonds and debt service are provided to TSASC's Treasurer or his or her designee in draft form for review.

Adjusting journal entries are prepared by AUS and reviewed and approved by the SAS and/or an AM who signs prior to entry into the Accounting System general ledger. The APS enters the journal entry into the general ledger. The posted journal entry is examined by the AUS for accuracy after the entries are accepted.

The adjusted trial balance is reviewed by AUS to verify balances, and then exported into an Excel file for preparation of financial statements. Draft financial statements, notes and MD&A are prepared by AUS, SAS and/or an AM, for review by other members of TSASC's management and independent auditors.

After the conclusion of the independent audit, if any adjusting entries are needed due to the audit, they are prepared by or at the direction of the SAS and/or an AM and entered into the general ledger. Before running the general ledger close of the fiscal year, a final trial balance is run and the SAS and/or an AM reviews to ensure that all balances are in agreement with the audited financial statements. The final trial balance is initialed by the SAS and/or an AM and retained in the fiscal year workpaper files.

The AM instructs the AUS to close the fiscal year which is automatically done by the Accounting System when the AUS marks the appropriate field in the Accounting System. The Accounting System will automatically produce a "closing entry" which is retained in

the year end files. After the closing entry has been produced the SAS and/or an AM reviews the trial balance after the close to make sure the assets, liabilities and fund balances (net assets) have been properly updated.

All trial balances, workpapers, journal entries and supporting documentation are centrally filed for access by the external auditors. See Section on Record Retention.

OTHER CONTROL MEASURES

TSASC Tobacco Settlement Trust Reporting Requirements

TSASC does not perform any financial accounting or reporting for the Delaware Trust. The Delaware Trustee prepares an annual financial report (unaudited) and the Internal Revenue Service 1041 U.S. Income Tax Return for Estates and Trusts. The SAS and/or an AM contacts the Delaware Trustee to determine the estimated date of completion of the financial statements and the tax return. These reports are done annually and copies should be forwarded to TSASC. These reports are sent to TSASC for information purposes only. If there are any discrepancies between the amounts transferred from TSASC to the Delaware Trust and the Delaware Trust to the City, the SAS and/or an AM will contact the Delaware Trustee for clarification. A copy of the 1041 return and the annual financial report is forwarded to the City's Law Department (currently Albert Moncure), as the representative of the beneficial owner of the Trust (the City).

Bank Accounts

The opening of TSASC bank accounts is authorized by an officer of TSASC. For bank accounts opened at a new banking institution, the bank account application form must contain, at a minimum, the names, titles, and signatures of three authorized officers of TSASC. The application states the number of signatures required for all financial transactions. The new bank account number is included on the bank account schedule maintained by the AUS.

All unneeded bank accounts are closed immediately by a letter to the bank, signed by one TSASC officer.

Incumbency Certificate

Every time there is a change of an officer for TSASC, a new Incumbency Certificate is prepared listing the current officers. The Incumbency Certificate is signed by the Secretary of TSASC and the original sent to the Indenture Trustee bank. Similarly, new authorized signatory documents are prepared, signed, approved, and forwarded to the Indenture Trustee bank.

Computer Equipment and System Usage

TSASC personnel follow the current policies and guidelines of OMB. Staff members are required to familiarize themselves with these policies and guidelines.

Overhead Allocation

TSASC has entered into an Administrative Services Agreement with OMB and other financing entities at the direction of the Board which specifies how shared personal service and other than personal service costs are allocated among the entities. The OMB overhead allocation is calculated by OMB's staff. Staff members are required to familiarize themselves with this agreement.

Inventory

TSASC does not own any capital assets or equipment. All equipment is owned, maintained and monitored by OMB. TSASC personnel follow the current policies and guidelines of OMB. Staff members are required to familiarize themselves with these policies and guidelines.

Procurement

The Board of Directors has adopted **GUIDELINES FOR PROCUREMENT and PROCUREMENT GUIDELINES FOR GOODS**. Staff members are required to familiarize themselves with these policies. Any changes in the procurement policies adopted by the Board of Directors are disseminated to staff by the Secretary's Office.

Travel and Business Expense Reimbursement

The Board of Directors has adopted a **POLICY ON TRAVEL ALLOWANCE and a POLICY ON SALARY, COMPENSATION, REIMBURSEMENTS, TIME AND ATTENDANCE of senior management**. Staff members are required to familiarize themselves with these policies. All internal control measures detailed above under Disbursements--Vendor Payments are followed in the issuance of a reimbursement check to an employee. Any changes in the reimbursement policy adopted by the Board of Directors are disseminated to staff by the Secretary's Office.

Personal and Real Property

The Board of Directors has adopted a **POLICY ON THE DISPOSITION OF PERSONAL PROPERTY and a POLICY ON THE ACQUISITION AND DISPOSITION OF REAL PROPERTY**. Staff members are required to familiarize themselves with these policies. Any changes in the property policies adopted by the Board of Directors are disseminated to staff by the Secretary's Office.

RECORD RETENTION

Documents supporting all TSASC transactions recorded in the Accounting System and information on the opening and closing of all bank accounts are maintained and available for audit by various entities (i.e., independent auditors, State and City auditors, IRS). The support may be maintained in either paper or electronic form.

Procurement records pertaining to contracts and all procurements other than Small Purchases (as defined by the TSASC Board approved procurement guidelines) are maintained by TSASC's contracting officer and the Secretary's Office.

Calculations of allocated costs (management fees, rent, and overhead costs incurred by OMB and bond financing entities) are maintained by TSASC's Comptroller or AM.

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