

SACHEM AUDIT COMMITTEE



4/17/2007

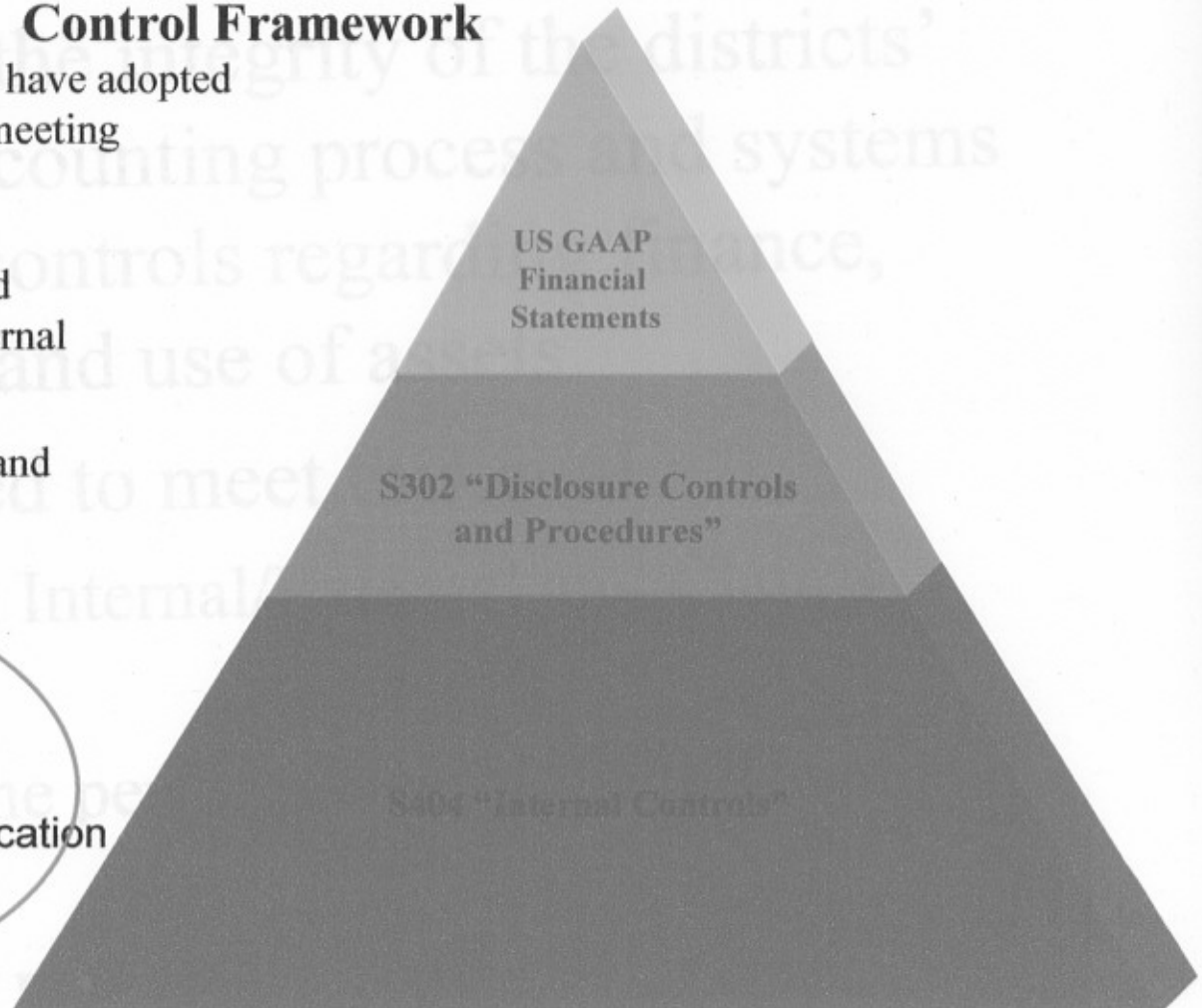
Sarbanes Oxley

Control Framework

Consistent with other US filers, banks have adopted the COSO Framework as a means of meeting Sarbanes-Oxley 404 requirements.

- The COSO framework is considered industry best practice for defining internal control structures
- It provides internal control criteria and defines five integrated components as follows:

- Control environment
- Risk assessment
- Control activities
- Information and Communication
- Monitoring Controls



4/17/2007

2007 - Audit Committee scope

ACCOMPLISHMENTS

- New Members added to Committee
 - Theresa Raiola
 - Gaurav Walia
- Met with Audit Firms
 - RS Abrams
 - Callaghan Nawrocki
 - Cerini & Associates
- Developed Action Item Grid (*Exhibit 1*)
 - This Grid was developed to track the progress of:
 - Corrective Action items from Mgmt Letter
 - New Issues
 - Follow-ups identified in Risk Assessment