



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 23, 2021

MEMORANDUM

TO: Patricia C. Orrock
Chief Compliance Officer

Dayna C. Brown
Acting Assistant Staff Director
Audit Division

FROM: Neven F. Stipanovic *NFS*
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Policy Division

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Assistant General Counsel
Compliance Advice

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Attorney

SUBJECT: Draft Final Audit Report on the Association for Emergency Responders
and Firefighters (LRA 1113)

The Office of the General Counsel has reviewed the proposed Draft Final Audit Report ("Proposed DFAR") of the Association for Emergency Responders and ("AERF"). The Proposed DFAR contains three findings: Increased Activity (Corrected) (Finding 1), Disclosure of Disbursements (Finding 2), and Recordkeeping for Disbursements and Use of Designated Depository (Finding 3). We concur with the findings generally, and comment on Finding 3. If you have any questions, please contact Margaret J. Forman, the attorney assigned to this audit.

I. RECORDKEEPING FOR DISBURSEMENTS AND USE OF DESIGNATED DEPOSITORY (FINDING 3).

The Proposed DFAR finds that AERF made 66 ACH transfers (ACH settlements) totaling \$2,240,253 to “Er Responders.” AERF, however, disclosed the disbursements on its reports as payments to vendors, and none of these vendors were identified as “Er Responders.” The Audit Division concludes that based on the information provided thus far by AERF, it is unable to verify the accuracy and completeness of this disclosed activity as discussed in more detail below.

In response to the Interim Audit Report recommendation, AERF maintained that the ACH transfers were made from its designated depository to the vendors, and AERF provided both AERF bank statements and certain vendor bank statements in support of its position. These bank statements, however, did not demonstrate that the funds were transferred directly from AERF’s bank to the vendors’s bank accounts. Rather, the bank statement of AERF indicated that the funds went to “Er Responders.” Similarly, the bank statements of the vendors showed a cash receipt from “Er Responders,” rather than from AERF. AERF maintains that its bank solely labeled these transfers as “ACH Settlement Vendor Pay Er Responders.” AERF further maintains that this label “does not reflect payment to the Association for Emergency Responders and Firefighters, LLC, nor to any entity or entities other than the intended vendors.... Because this labeling process is controlled by the bank, AERF’s ability to more clearly demonstrate the direct flow of funds from its designated depository to the vendors is limited.” IAR Response at 6.

Because AERF’s assertions are not independently verifiable, the Audit Division maintains that AERF still has not provided sufficient supporting and verifiable evidence to show that the disclosed vendors were paid with the funds transferred from AERF’s bank account. To demonstrate that the vendor payments originated from its bank account, the Audit Division recommends that AERF provide sufficient supporting and verifiable evidence such as, debit memoranda or similar electronic receipts for each payment to demonstrate that the 66 ACH transfers initiated by AERF resulted in the 159 vendor payments reported on its disclosure reports. The Audit Division maintains that the debit memorandum or similar electronic receipt will show the specific account(s) that the payment originated from, as well as the specific account(s) into which the funds were deposited. In this manner, the Audit Division will be able to verify whether the vendors were paid with the funds transferred from AERF’s bank account.

We concur with the finding and comment here to clarify that what the Audit Division ultimately needs is documentation demonstrating that AERF paid the vendors with direct transfers of the funds from AERF’s bank account, disclosed on AERF’s statement of organization as its designated campaign depository, to the vendor accounts. If the funds flowed through any other entity, AERF should identify this entity. In addition to AERF providing the ACH transfer document, since the Committee addresses the manner in which the bank labeled the transaction on its statement, we would advise the Audit Division to provide AERF an

opportunity to provide a written explanation from a bank official at AERF's bank regarding how the information appears on the statement and how exactly the funds were transferred.¹

¹ AERF and the four vendors at issue here maintain accounts with the same bank.