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**Are you ready to sign
the Responsible Officer
certifications under
QI and FATCA?**




The US Qualified Intermediary (QI) and Foreign Account Tax Compliance Act (FATCA) are now considered business as usual. In 2018, the designated Responsible Officer (RO) will be required to certify the compliance of his or her organisation with these regimes. Although the deadlines for certification seem distant, the RO should take a step back now to consider the needs of his or her institution and how best to position it for the upcoming certifications. Further, financial institutions will be required to demonstrate the adequacy of the internal reporting/interaction between the executing functions and the senior management to enable informed compliance certifications.

QI and FATCA compliance requirements

The QI and Foreign Financial Institution (FFI) Agreements require both QIs and Participating Foreign Financial Institutions (PFFIs), including Reporting Model 2 Intergovernmental Agreement (IGA) FFIs to establish a compliance program. The RO has the responsibility to establish a compliance program that must include policies, procedures and processes sufficient for the QI or PFFI to satisfy all of the requirements in its respective Agreements. Due to the accountability of the role, the RO is generally a senior officer of the QI or PFFI, such as the Head of Compliance or Head of Tax. As with such high-level functions, the RO will need to certify compliance of QI and FATCA without necessarily being involved in the day-to-day operations surrounding those regimes. The RO will need to consider developing adequate governance and reporting processes, which address the complexity of such processes and the need to appoint "sub-Responsible Officers" who will be the RO's "eyes and ears".

Considering the importance of the proper implementation of QI and FATCA and the risks related to non-compliance, it is likely that the internal audit functions will perform a full or partial assessment of the organisation's compliance. Depending on the institution and the degree of QI and FATCA knowledge of the internal audit team, the internal audit team may keep its review to the governance around those regimes or may focus on more technical aspects. Additionally, the RO will regularly need to test the sufficiency of the compliance program by performing a periodic review. The institution can conduct the review internally or via external auditors, with a combination of internal and external resources, as long as the resources performing the review have an adequate understanding of the QI and FATCA regimes and meet certain independence requirements.

In this context, Deloitte has developed the following offerings to support the RO on his or her path to certifying compliance:

 Product	 QI/FFI need targeted	 Deloitte offering description
RO refresher trainings	Provide the RO with sufficient knowledge in order to perform his or her duties diligently and with confidence.	Deloitte's 2-hour RO refresher trainings reinforce the relevant key elements of QI and FATCA and keep the RO informed on recent developments, best practices and regulatory updates.
Compliance program support manual	Assess whether proper operational controls are in place and whether such controls lead to the right results for QI and FATCA.	Deloitte's compliance program support manual assists in the control assessment process following a simple and step-by-step approach to allow non experts to understand whether financial institutions are in line with the expected results of QI and FATCA processes. In addition, this manual, with limited tailoring, can also be used as an operational directive or as an addendum to such a directive.
Framework compliance program	Assurance that the most critical QI and FATCA requirements are considered and risk areas identified.	Deloitte's framework compliance program provides detailed information about implementing effective internal controls within a financial institution, the RO's role, responsibilities and liabilities, assessing and measuring key risks arising from the most critical QI and FATCA requirements, as well as Deloitte's template control framework of example controls.
Certification checklist	Identify gaps and necessary actions in advance of the certification.	Deloitte's certification checklist assists the RO in keeping track of the work that has taken place within the organisation for the relevant period and following a structured list of questions enables him or her to identify key actions prior to the compliance certification.
Certification governance and responsibility matrix	Clearly and appropriately assign roles and responsibilities across the team.	Deloitte will use its established methodology to assess the existing governance and responsibility matrix against QI and FATCA requirements to ensure it is sufficiently robust. In addition, Deloitte can support the QI or PFFI in developing its own matrix.
QI/FATCA review or health-check	Perform or prepare financial institutions for mandatory periodic review assessing the compliance with QI and FATCA requirements.	Deloitte will use its established methodology to perform the formal periodic review. Alternatively, Deloitte can perform a health-check in order to capture any deficiency prior to the formal review. This preventative measure will expose issues needing correction thus mitigating the need to report potential material failures.
Management reporting	Obtain an overview of the data reported to global tax authorities, assess the data quality, identify areas for improvement, and monitor changes over time.	Deloitte's tailored management reporting solution identifies reported client populations, shifts and trends. The solution can facilitate the monitoring of periodic internal compliance certifications and form the basis for data quality improvement.

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