Banco de la República | Colombia
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Structure and Functions of

the Office of the Deputy Executive Governor Wednesday, 7 July 2021 - 12:00 5. Office of the Deputy Executive Governor

In accordance with the legal framework and the guidelines stablished by the Board of Directors, the Administrative Council, and the Governor, the Office of the Deputy Executive Governor has the following responsibilities:

To coordinate the performance of the functions in charge of:

- Office for Payment Systems and Banking Operation
- Office for Industrial and Treasury Affairs
- Office for Risk Management
- Financial Office
- Office for Cultural Affairs
- Legal Department
- Internal Control Department

5.1 Office for Payment Systems and Banking Operation

- To guide the central bank's operations in the area of banking services and in its capacity as lender of last resort, banker to credit institutions, and fiscal agent of the Government.
- To lead policies, initiatives, and projects designed to ensure the proper functioning of the payment systems under the central bank's responsibility and of the financial market infrastructures.
- To lead policies, initiatives, and projects to provide the financial sector with services that support the development and strengthening of the securities market and have an infrastructure that supports the development of the money market.
- To ensure the performance of the functions of registration, compliance, and control of investment transactions and management of foreign reserves, monetary and foreign exchange intervention by *Banco de la República*, and the management of foreign correspondent banks.
- To guide the application of policies and procedures of the foreign exchange and international investment regime.
- To coordinate activities related to interbank clearing services for checks and electronic payments and the provision of fiduciary services, deposits, drafts, and others, in both local and foreign currency, to the agents authorized by the Board of Directors for such purposes.
- To accompany management in the administration of the employee housing loans portfolio, the follow-up to the managers of the portfolio of financial assets backing pension liabilities, activities related to the administration of the Mortgage Stabilization Fund (FRECH in Spanish) and the disbursement and collection of temporary liquidity support (ATL in Spanish).

5.1.1. Payment Systems Department

- To manage the service of deposit accounts in legal tender and foreign currency.
- To manage the Deposit Accounts System - CUD in Spanish (Large-value Payment System), to settle the money end of the transactions of the capital, money, derivatives, and foreign exchange markets, as well as the operations of the monetary policy and the compensations of the retail-value payment systems.

- To manage the clearing and settlement service for checks and other physical payment instruments nationwide.
- To manage the clearing and settlement service for retail-value electronic payments provided as a service to credit institutions, the Government, and Social Security Information Operators, among others.
- To manage the File Transfer System for the exchange of information among Social Security payment operators.
- To manage the Seizure System to centrally process the seizure and release notices and requests for information from the competent judicial and administrative authorities nationwide.

5.1.2. Institutional Operations Department

- To manage credit applications and disburse the Bank's institutional home loans; to manage the collection of the loan portfolio.
- To implement the Temporary Liquidity Support-ATL transactions with promissory notes and to carry out the disbursement and operational collection of the ATL.
- To hire for the management of the active portfolio that supports the Bank's pension liabilities and to provide front- and back-office services in the execution of the contract.
- To make the payment derived from the interest rate financial swap in the different hedging programs through the Mortgage Stabilization Fund (FRECH) and to control the execution of the contract.
- To complete the Repo transactions with promissory notes and to carry out the disbursement and operational collection of the same.
- To carry out the operational collection of receivables arising from ATL and Repo portfolio with unpaid promissory notes, to manage the promissory notes, and to carry out the operational process defined for the disposition of the promissory notes.

5.1.3. Foreign Exchange Affairs and Settlements Department

- To manage the procedures of the foreign exchange and international investment regime.
- To manage the government's international payment and transfer operations in foreign currency in fulfillment of the Bank’s function as the fiscal agent, as well as the Agreement on Reciprocal Payments and Credits signed within the framework of the Latin American Integration Association (ALADI in Spanish).
- To collect, process, and provide foreign exchange information.
- To disseminate foreign exchange regulations and answer foreign exchange queries.
- To manage the international interbank communication systems for channeling foreign currency payments and other information systems.
- To manage correspondent contracts with foreign financial entities related to checking account services.

5.1.4. Fiduciary and Securities Department

- Fiduciary management of securities, in the name and on behalf of the issuer, we carry out, under strict security and efficiency parameters, the issuance or placement of securities, the custody and debt service, either for maturity of capital or interest. Since these are intangible securities, they are deposited and maintained in the Central Securities Depository - DCV of *Banco de la República*.
- Management of the Central Securities Depository - DCV of *Banco de la República*: The DCV is a system designed for the deposit, custody, and management of securities through book entries made as electronic records, as well as for the clearing and settlement of securities transactions, in accordance with current legal regulations. The DCV operates under international principles for financial market infrastructures, making transfers under the book entry mechanism.
- Management of the Electronic Trading System - (SEN in Spanish): trading and registration system for securities transactions managed by *Banco de la República,* through which related entities may access Colombia's main domestic public debt trading forum.

- Custody of goods: In exceptional and expressly regulated cases, *Banco de la República* offers certain administrative or judicial authorities the service of deposit in custody of goods or securities other than monetary specimens, which is provided under high security parameters.

5.1.5. Booking and Control of International Settlements Department

- To carry out the operational and accounting processes of the financial transactions originated in the management of foreign exchange reserves and sovereign wealth funds managed by *Banco de la República*.

5.2 Office for Industrial and Treasury Affairs

- To propose policies, plans, and programs for the design, production, and distribution of banknotes and coins in their different denominations.
- To define the objectives and policies for technical analysis and research on raw materials used in the production of banknotes and coins and on aspects such as security, quality, and durability. It is also responsible for establishing guidelines on how to manage the risk of counterfeiting of monetary species.
- To guide the activities related to the purchase and sale of precious metals by *Banco de la República*.
- To guide the management of cash and precious metal safekeeping, as requested by the competent authorities.
- To guide the implementation of policies related to environmental protection in the different activities undertaken by Bank, especially at industrial plants.
- To oversee and support the proper development of the activities and performance of the treasury areas at the branches.

5.2.1. *Fábrica de Moneda* (Mint)

- To produce coins in their different denominations in accordance with the annual coin production program approved by the Board of Directors.
- To assess and propose changes to optimize inputs and processes in the production of minted coins.

5.2.2. *Imprenta de Billetes* (Central Facility for Engraving, Printing and Distribution of Cash).

- To produce banknotes in their different denominations in accordance with the annual banknote production program approved by the Board of Directors.
- To assess and propose changes to optimize inputs and processes in the production of banknotes.

5.2.3. Industrial Technical Department

- To plan, direct, and guide research and development studies on strategic issues in the area of banknote and coin production.
- To direct and control the processes of issuing opinions related to allegedly counterfeit monetary species.
- To define the technical guidelines to be followed in the processes of purchase of precious metals.
- To define and manage the mechanisms for the quality control of both the inputs used in the production of banknotes and the intermediate products.
- To promote, direct, and participate in the implementation of strategies for dissemination and training on recognition and authentication of monetary species according to the different target audiences.

5.2.4.Treasury Department

- To exercise the legal function of issuing Colombian monetary species and their custody once they are produced.
- To distribute banknotes and coins through the established channels.
- To propose annual programs for the production of banknotes and coins required by the economy.
- To implement sorting processes of the monetary species that return to the Bank in order to identify counterfeit and deteriorated authentic species.

- To schedule, oversee, and control the processes of destruction of deteriorated species.
- To manage the custody of cash and precious metals requested by the competent authorities.

5.2.5. Administrative Unit of the Office for Industrial and Treasury Affairs
- To plan and follow up on the contracting of the Office for Cultural Affairs.
- To follow-up on budget execution and accounting.
- To manage logistical support for the proper functioning of the facilities in the cultural areas in Bogota.
- To ensure compliance with regulations in all processes of the Office for Cultural Affairs.
- To lead the production of physical publications of the Office for Cultural Affairs.

5.2.6. Environmental Management Unit
- To carry out actions to ensure compliance with environmental regulations (e.g., Waste management, dumping, and atmospheric emissions, among others).
- To define and implement measures focused on preventing, controlling, and mitigating environmental impacts generated by Banrep processes to contribute to the protection of the environment.
- To design and lead sustainability initiatives aimed at the efficient use of water, energy, and raw materials and to strengthen a culture that generates behaviors that prevent risks to the environment.

5.2.7. Branches
- To meet the demand for banknotes and coins in the region, to carry out the sorting processes of incoming monetary species and the destruction of deteriorated banknotes, to manage the custody of goods and securities belonging to third parties, as well as to monitor and manage the Complementary Cash Centers (CCE in Spanish).
- To schedule, coordinate, and carry out cultural activities, in accordance with the approved cultural programming.
- To collect and analyze economic information of the city and region. Cali and Medellin are Regional Research Centers on specific topics.
- Cali: Center for Studies on Sectoral Production and Trade (CEPCO in Spanish)
- Medellín: Labor Market Analysis Group (GAMLA in Spanish) and Applied Microeconomics Models Analysis Group (GAMMA in Spanish)
- To represent the Bank institutionally before the different regional bodies.

5.3. Office for Risk Management
- To lead the Bank's Second Line of Defense.
- To lead the management and improvement of the Bank's Integrated Risk Management System.
- To lead the independent monitoring of the risks inherent to the Bank's activities in charge of the first line.

5.3.1. Risk and Process Management Department
- To manage the interaction of the different financial and non-financial risk management sub-systems within the Bank's integrated risk management model; supporting the definition of policies, methodologies, governance, and best practices in this area.
- To support the Office for Risk Management in reporting to the Risk Committee on the Bank's risk management reports.
- To lead the administration and improvement of the bank's continuity management in coordination with the areas responsible for the different elements that make up this system.
- To support process owners in the design of their processes and in the definition of roles and responsibilities and propose initiatives for continuous improvement.

5.3.2. Financial Risk Management Department

- To design, implement, and maintain the Financial Risk Management System (SARF in Spanish), from an aggregate and transversal approach for the Bank.
- To propose methodologies and procedures to identify, measure, control, and monitor the material exposures assumed by the Bank in the performance of its functions.
- To develop and propose second line controls that seek to mitigate exposure to financial risks of the balance sheet.
- To comply with investment guidelines, with an independent and transversal approach to the Bank's investment portfolios.
- To carry out stress tests to establish potential risk exposures under a variety of scenarios.

5.3.3. Operational Analysis Unit

- To manage the Anti-Money Laundering and Counter Terrorism Financing Risk Management System for the Bank according to the regulations in force. The unit manager acts as the Compliance Officer.
- To ensure the establishment of a culture of prevention and control of Money Laundering and Financing of Terrorism Risk in the Bank.
- To disseminate and promote the Code of Conduct, as well as to follow up and implement operational controls and alerts related to its compliance and to support the development of the complaints management in charge of the Office for Risk Management.

5.3.4. Insurance Unit

- To manage the Bank's insurance program, including its structuring, policy renewal processes, and approach to the insurance market.
- To manage claims before insurance companies in the event of claims occurrence.
- To issue opinions and advise the Bank's areas in matters related to insurance policies.
- To execute the “loss control” function, promoting the performance of relevant studies and analyses for the mitigation and treatment of the different risks of the Bank, with the support of Brokers and Insurance Companies.

5.4. Office for Cultural Affairs

- To lead the planning and management of the cultural network of *Banco de la República* nationwide in its lines of action: the Library Network, the Gold Museum Network, the Art and Collections Unit, and the Musical Work.
- To lead the cross-cutting development of communication, digital strategy, and content production of the Office for Cultural Affairs nationwide.
- To lead the communication and relations, both internally and externally, nationally and internationally, for the proper functioning of the activities of the Office for Cultural Affairs.

5.4.1. Library Network Department

- To manage the development of the library network's physical and digital collections.
- To design, plan, and implement the agenda for the Luis Angel Arango Library and the services of the library network.
- To lead the work of the virtual library.

5.4.2. Gold Museum

- To manage the development of the archaeological collections of gold and silver work, ceramics, lithic, and other materials of the gold museum network.
- To lead the national and international agenda of the Gold Museum, as well as the lending services and cultural programming.
- To work together with the regional Gold Museums in Cartagena, Santa Marta, Armenia, Pasto, Cali, and the Ethnographic Museum in Leticia on the production and maintenance of their permanent exhibits.

5.4.3. Art and Collections Unit

- To lead the development of the art, numismatic, and musical instrument collections of *Banco de la República*.
- To plan and lead the program of exhibitions, services, and agenda of the Cultural Block in Bogota and work with the cultural network for the circulation and dissemination of the collections.

5.4.4. Administrative Unit of the Office for Cultural Affairs

- To plan and follow up on the contracting of the Office for Cultural Affairs.
- To follow-up on budget execution and accounting.
- To manage logistical support for the proper functioning of the facilities in the cultural areas in Bogota.
- To ensure compliance with regulations in all processes of the Office for Cultural Affairs.
- To lead the production of physical publications of the Office for Cultural Affairs.

5.4.5. Cultural Network Management Unit

- To ensure the implementation of the cultural policy through the agenda and services nationwide.
- To plan and follow up on the implementation of the cultural programming in the cultural areas at the branches and agencies.
- To carry out technical, audience, and cultural impact studies to support strategic decision-making in cultural areas nationwide.
- To carry out and support the management of special and cross-cutting projects and lead the management of inter-institutional allies.

5.4.6. Cultural Agencies

- Each city implements its cultural programming and establishes inter-institutional relationships with entities that develop cultural activities, in accordance with the policies defined by the Office for Cultural Affairs.
- To carry out actions to learn about the social and cultural environment of the region in order to encourage citizen participation in the definition of the thematic axes of cultural activities in the medium term.
- To locally represent *Banco de la República* in its different functions.

5.5. Financial Office

- To lead the production and dissemination of financial information, particularly information related to accounting and tax procedures.
- To lead and manage the planning and allocation of resources for projects and coordinate the follow-up of their implementation, integrating the strategic planning and budgeting process.
- To lead and manage the preparation and approval of the Bank's budget and medium-term expenditure framework, as well as monitor and control budget execution.
- To lead and manage the process of preparing, monitoring, and communicating the Bank's strategic plan.
- To lead and manage the actuarial calculation.

5.5.1. General Financial Directorate

- Manage the preparation and dissemination of financial information as per international standards.
- Prepare and issue the Central Bank’s financial statements to assess and disclose its financial status and operating results.
- Manage the Central Bank’s tax obligations.
- Provide guidance on accounting and tax policies and procedures that accurately reflect the Central Bank’s financial position and comply with the applicable legal regulation.
- Define and manage strategies to implement accounting and tax-related processes.

- Manage accounts payable to the Central Bank’s suppliers of goods and services in accordance with the taxes set forth by Law.

5.5.1.1. Accounting Department

- To coordinate the recording of accounting information, in compliance with the established legal and institutional regulations.
- To prepare and generate the Bank's financial statements in order to analyze and report on its financial position and the results of its operations.
- To prepare and generate complementary financial information in order to meet the requirements of internal and external users.
- To prepare the bank reconciliations of the Bank's current accounts in Colombia and abroad. Likewise, to determine on a daily basis the foreign currency resources available for investment.
- To manage the Bank's tax obligations.
- To manage accounts payable to suppliers of goods and services of the Bank, applying the taxes required by law.

5.6. Legal Department

- To provide legal advice to *Banco de la República* in the performance of the functions entrusted to it.
- To establish and guide the Bank's legal position in the different areas of Law, in matters that do not correspond to the Office of the Secretary of the Board of Directors and other areas with specialized legal functions, issuing the opinions as may be required.
- To attend to judicial proceedings of a contentious-administrative, labor, civil, commercial nature, among others, in which administrative actions other than those taken by the Board of Directors are under dispute.
- To act as Secretary of the Administrative Council.

5.7. Internal Control Department

- To plan, direct, and organize the verification and evaluation of the Internal Control System, taking into account the implementation and execution of controls to the mission, strategic, and support processes.
- To ensure compliance with laws, regulations, policies, procedures, plans, programs, projects, and goals of the organization and recommend the necessary adjustments to improve operations.
- To manage and report information related to the Internal Control System.
- To promote a control culture to contribute to the continuous improvement of the fulfillment of the institutional mission.

Fuente: https://www.banrep.gov.co/en/bank/corporate-governance/structure-functions-office-of-deputy-executive-governor