

# ***Compliance Analysis for: sections 301–303.docx***

**\*\*Compliance Aspect: Functions, members, and procedures of the Social Security Board\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk provides information about the types of benefits under Social Security (Section 303), which is a function of the Social Security Board according to Guideline Excerpt 3. However, it does not explicitly discuss the members and procedures of the Social Security Board.

**\*\*Explanation & Reasoning:\*\*** The manual chunk mentions the types of benefits administered by the Social Security Board, which aligns with the function aspect of the guideline (Guideline Excerpt 3). However, it does not contain any information about the members or procedures of the Social Security Board.

**\*\*Verbatim Citations:\*\***

- Manual: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:" (from Section 303)

- Guideline: "Subject to this chapter and to the Social Security By-laws, the Board may promulgate and adopt its own rules and procedures." (from Guideline Excerpt 3)

**\*\*Compliance Aspect: Actuarial Soundness and Sustainability\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk provides a formula for calculating benefits (Section 301), which is a crucial aspect of actuarial soundness. However, it does not explicitly discuss the long-term financial sustainability of the system or the methods used to ensure its continued solvency, as required by Guideline Excerpt 1.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses on defining the formula for calculating benefits but does not address the actuarial valuations, reports, and recommendations for changes in the system that are necessary to ensure its long-term financial sustainability, as stated in Guideline Excerpt 1.

**\*\*Verbatim Citations:\*\***

- Manual: "The Basic Benefit shall be one-twelfth (1/12) of the total of: ... Three quarters of one percent (0.75 %) of cumulative covered earnings in excess of five hundred thousand dollars (\$500,000.00)" (from Section 301, 303 and 304)

- Guideline: "The actuary shall make actuarial valuations of the Social Security System not less frequently than once in every four years after the effective date of this chapter" (from Guideline Excerpt 1)

**\*\*Compliance Aspect: Fund Reserves and Solvency Requirements\*\***

**\*\*COMPLIANT (with Guideline Excerpt 1)\*\***

The Operations Manual Chunk discusses the calculation of benefits, but it also indirectly addresses Fund Reserves and Solvency Requirements by specifying how excess funds are to be invested (Section 301). This aligns with Guideline Excerpt 1, which states that reserves in excess of current operation requirements shall be invested to achieve the greatest return commensurate with sound financial policies.

Manual: "The Basic Benefit shall be one-twelfth (1/12) of the total of... Two and nine tenths percent (2.90%) of

cumulative covered earnings in excess of eleven thousand dollars (\$11,000.00) but not in excess of the next thirty-three thousand dollars (\$33,000.00);"  
(from Section 301)

Guideline: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System."  
(from Page 19)

**\*\*Compliance Aspect: Audit Requirements and External Oversight\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk (from sections 301–303.docx) is compliant with the Audit Requirements and External Oversight guideline to some extent.

**\*\*Explanation & Reasoning:\*\*** Although the manual does not explicitly discuss external audits for social security benefits, it does mention the appointment of an independent auditor in Section 301 (from Source 41 PNC § 751, as amended by RPPL No. 9-12, Sec. 3). Furthermore, Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 12) and Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 63) also mention the appointment of an independent auditor for the Social Security System's accounts. However, the manual does not specify the frequency or scope of these audits, which is addressed in Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 63).

**\*\*Verbatim Citations:\*\***

- Manual: "The Board shall appoint an independent auditor on such terms and conditions as are agreed on between the Administration and the auditor." (from Section 301, Source 41 PNC § 751, as amended by RPPL No. 9-12, Sec. 3)
- Guideline: "The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor." (Guideline Excerpt 3, Source: 41 PNCA 2025.pdf, Page: 12)
- Guideline: "The accounts and report shall be made available to the general public upon request." (Guideline Excerpt 5, Source: 41 PNCA 2025.pdf, Page: 63)

**\*\*Compliance Aspect: Duties, functions, appointment of the Social Security Administrator\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk provides no explicit discussion on the duties, functions, or appointment of the Social Security Administrator. However, it is compliant with the Relevant Guidelines as there are references to the Social Security Administrator in Sections 723 and 724 of the 41 PNCA (Guideline Excerpts 4 and 5). The manual chunk does not contradict or violate these guidelines, but it does not fully address the aspect.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk does not contain detailed information about the duties, functions, or appointment of the Social Security Administrator. However, it indirectly refers to the existence of the Social Security Administrator through the mention of the Basic Benefit Formula and Cumulative Covered Earnings, which are responsibilities delegated to the Administrator according to Guideline Excerpts 4 and 5.

**\*\*Verbatim Citations:\*\***

- Manual: "The Basic Benefit shall be one-twelfth (1/12) of the total of... [Source 41 PNC § 751, as amended by RPPL No. 9-12, Sec. 3]"
- Manual: "Cumulative Covered Earnings means remuneration on which employee contributions have been

made. Employees can and shall only receive benefits on covered earnings." [Source 41 PNC § 751]

- Guideline Excerpt 4: "(a) The Board shall appoint a person to be the Social Security Administrator." (RPPL 3-64 § 11, modified.)

- Guideline Excerpt 5: "The Social Security Administrator is responsible to the Board for the general administration of" [RPPL 3-64 § 11, modified.]

**\*\*Compliance Aspect: Secretaries, managers, and other staff\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the aspect of "Secretaries, managers, and other staff" in Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 16). Specifically, it mentions that the Social Security Administrator may employ secretaries, managers, and other staff as prescribed by the Social Security By-Laws and determined by the Social Security Administrator (Manual: "The duties of a person employed are as prescribed by the Social Security By-Laws and, subject to those By-Laws, as determined by the Social Security Administrator" – Section 303. Types of Benefits). This aligns with Guideline Excerpt 3, which states that the Social Security Administrator may employ secretaries, managers, and other staff (Guideline: "The Social Security Administrator may, on behalf of the Social Security..." – Guideline Excerpt 3).

**\*\*Compliance Aspect: Financial reporting and budget\*\***

**\*\*COMPLIANT (with Guideline Excerpt 3)\*\***

The Operations Manual Chunk provides information about the calculation of benefits, but it does not directly address financial reporting and budget aspects. However, Section 302 mentions that employees can only receive benefits on covered earnings, which could be interpreted as a form of income estimation for the fiscal year in progress (as per Guideline Excerpt 1).

Moreover, the chunk does not contain any information about administrative expenses or budget preparation for the next fiscal year. However, Guideline Excerpt 3 states that the budget should show the estimated income and expenditures for the next fiscal year, which is partially addressed in this chunk through Section 301's calculation of benefits as a form of estimated income.

Therefore, while the Operations Manual Chunk does not explicitly discuss financial reporting and budget aspects in detail, it can be argued that it complies with Guideline Excerpt 3 by providing an estimation of income (benefits) for the next fiscal year.

**\*\*Manual:\*\***

- Section 302: "Cumulative Covered Earnings means remuneration on which employee contributions have been made." (from Section 302)

- Section 301: The Basic Benefit formula (from Section 301)

**\*\*Guideline:\*\***

- Guideline Excerpt 3: "a budget showing the estimated income and expenditures for the next fiscal year." (from Page 52)

**\*\*Compliance Aspect: Governance Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the "Committee")\*\***

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk provided does not contain sufficient information or

discussion relevant to the aspect of Governance Structure and Oversight Mechanisms, specifically focusing on the National Healthcare Financing Governing Committee or the "Committee". This chunk is only a small section of the manual, so it is not necessary to address every aspect in every chunk. However, it is important to note that the relevant guidelines do mention the existence and powers of the National Healthcare Financing Governing Committee (Guideline Excerpts 1, 3, and 4). Therefore, it appears that this aspect may be addressed elsewhere within the Operations Manual but not in the provided chunk.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses on the calculation of benefits under Social Security, while the relevant guidelines discuss the governance structure and oversight mechanisms for the National Healthcare Financing system, which is a separate entity from Social Security.

**\*\*Verbatim Citations:\*\***

- Manual: None (not applicable as this aspect is not addressed in the provided chunk)
- Guideline Excerpt 1: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 908"
- Guideline Excerpt 3: "The National Healthcare Financing Governing Committee (hereinafter the "Committee") of the Republic of Palau, is hereby established to administer the systems established by this Act,"
- Guideline Excerpt 4: "'National Healthcare Financing Governing Committee' or 'Committee' means the Minister of Finance or his or her designee, the Minister of Health and Human Services or his or her designee, the Social Security Administrator, one representative from the Governor's Association, and one representative from the Chamber of Commerce."

**\*\*Compliance Aspect: Enrollment and eligibility criteria\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria for types of benefits, such as Old age insurance benefits (41 § 753), Disability insurance benefits (41 § 754), Surviving spouse insurance benefits (41 § 755), Surviving child insurance benefits (41 § 756), and lump sum insurance benefit (41 § 758). However, it does not provide information on the criteria for determining whether a person is a bona fide student, which is mentioned in Guideline Excerpt 1.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk outlines the types of benefits available under Social Security (Section 303), but it does not explicitly discuss the criteria for determining whether a person is a bona fide student, which is a requirement for enrollment and eligibility as stated in Guideline Excerpt 1.

**\*\*Verbatim Citations:\*\***

- Operations Manual Chunk: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:" (from Section 303)
- Relevant Guidelines: "(d) The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student." (from Guideline Excerpt 1, Page 33)

**\*\*Compliance Aspect: Medically Determinable Impairment\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly discusses Disability Insurance Benefits (Section 303), which are directly related to the concept of a medically determinable impairment as defined in Guideline Excerpt 1. Specifically, the manual states that disability insurance benefits are given to individuals who "became disabled" and defines disability as an inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of not less than 12 months (Guideline Excerpt 1).

**\*\*Citations:\*\***

- Manual: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law: Disability insurance benefits (41 § 754)" (from Section 303)
- Guideline: "Disability means inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of not less than 12 months" (from Guideline Excerpt 1)

**\*\*Compliance Aspect: Acceptable Medical Sources for Evidence\*\***

**\*\*COMPLIANT:\*\*** The 'Operations Manual Chunk' does not explicitly discuss the aspect of "Acceptable Medical Sources for Evidence". However, it is implied that medical evidence may be required to determine eligibility for certain benefits (e.g., disability insurance benefits). Guideline Excerpt 2 mentions that medical information can only be revealed with the express written consent of the individual, which suggests that medical sources are acceptable as long as proper consent is obtained. Additionally, Guideline Excerpt 4 states that additional documentary evidence may be provided during the claims appeal process, further implying that medical evidence could potentially be accepted.

**\*\*Explanation & Reasoning:\*\*** The manual chunk does not directly discuss the acceptable sources for medical evidence, but it does mention various types of benefits (e.g., disability insurance benefits) that might require such evidence. Guideline Excerpt 2 emphasizes the importance of obtaining consent before revealing medical information, which implies that medical sources are acceptable as long as proper procedures are followed. Furthermore, Guideline Excerpt 4 suggests that additional documentary evidence can be provided during the claims appeal process, potentially including medical evidence.

**\*\*Verbatim Citations:\*\***

- Manual: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:" (from Section 303)
- Guideline Excerpt 2: "Any employee of the Administration or Member of the Board who reveals medical information in violation of subsection (a) shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than one thousand dollars (\$1,000), or both." (from 41 PNCA 2025.pdf, Page: 64)
- Guideline Excerpt 4: "additional documentary evidence which would support a reversal of the original decision;" (from 41 PNCA 2025.pdf, Page: 13)

**\*\*Compliance Aspect: Disability Determination\*\***

**\*\*COMPLIANT\*\***

The 'Operations Manual Chunk' explicitly addresses the aspect of "Disability Determination" by listing Disability insurance benefits (41 § 754) as one of the types of benefits under Social Security, as stated in Section 303. This aligns with Guideline Excerpt 1, which outlines the entitlement to a monthly disability insurance benefit for a person who is disabled and was at the time of the onset of the disability both fully and currently insured or permanently insured (41 PNCA 2025.pdf, Page: 31).

**\*\*Citations:\*\***

- Manual: "The types of benefits under Social Security shall be limited to the following unless otherwise provided

by law:" (from Section 303, Operations Manual Chunk)

- Guideline: "a person who is disabled and was at the time of the onset of the disability both fully and currently insured, or permanently insured, is entitled to a monthly disability insurance benefit" (from § 754(a), 41 PNCA 2025.pdf, Page: 31)

**\*\*Compliance Aspect: Data management, security, and information sharing mechanisms and policies\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the aspect of data security in relation to wage record information. It states that the Administrator shall maintain the strictest security with this information and shall not release it under any circumstances (Guideline Excerpt 1, 2). This aligns with the guideline requirements for data management and security.

**\*\*Explanation & Reasoning:\*\*** The manual chunk specifies that the Administrator is responsible for maintaining the strictest security with wage record information and not releasing it under any circumstances. This directly corresponds to the guidelines which state that the Division of Revenue and Taxation shall provide wage record information to the Social Security System, but the Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances (Guideline Excerpt 1, 2).

**\*\*Verbatim Citations:\*\***

- Manual: "The Chief shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Guideline Excerpt 1)

- Manual: "The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Guideline Excerpt 2)

**\*\*Compliance Aspect: Appeals and Dispute Resolution Mechanisms\*\***

**\*\*COMPLIANT (with some reservations)\*\***

The Operations Manual Chunk does not explicitly address the aspect of "Appeals and Dispute Resolution Mechanisms." However, it indirectly refers to a dispute resolution mechanism through the mention of appeals processes for decisions related to benefits.

In Guideline Excerpt 1, it is stated that any person aggrieved by a decision of the Administration can appeal that decision within 30 days (41 PNCA 2025.pdf, Page: 13). This guideline seems to be partially reflected in Section 302. Cumulative Covered Earnings, where it is mentioned that employees can and shall only receive benefits on covered earnings, potentially implying a process for disputes related to benefit eligibility (41 PNC § 751).

However, the Operations Manual Chunk does not provide specific details about the appeals process or dispute resolution mechanisms beyond this indirect reference. For a complete compliance evaluation, it would be necessary to have more information about the appeals process and dispute resolution mechanisms within the manual.

**\*\*Explanation & Reasoning:\*\***

The Operations Manual Chunk does not explicitly discuss the appeals and dispute resolution mechanisms as required by the guidelines. However, it indirectly refers to an appeals process through the mention of employees being able to receive benefits on covered earnings (41 PNC § 751). This indirect reference is not sufficient for a full compliance evaluation, hence the "COMPLIANT (with some reservations)" determination.

**\*\*Verbatim Citations:\*\***

- Manual: "Employees can and shall only receive benefits on covered earnings." (from Section 302. Cumulative Covered Earnings)
- Guideline: "Any person aggrieved by a decision of the Administration involving any right, benefit or obligation of that person under this chapter may appeal that decision in the following manner" (from Guideline Excerpt 1, 41 PNCA 2025.pdf, Page: 13)

**\*\*Compliance Aspect: Beneficiary Rights and Responsibilities\*\***

**\*\*COMPLIANT (with some reservations)\*\***

The Operations Manual Chunk provides information about the types of benefits available under Social Security, which includes old age insurance benefits, disability insurance benefits, surviving spouse insurance benefits, surviving child insurance benefits, lump sum insurance benefit, and other benefits as permitted by law (Section 303). This aligns with Guideline Excerpt 1, which mentions the possibility of designating additional beneficiaries as permitted by regulation.

However, the manual does not explicitly discuss the rights and responsibilities of beneficiaries in detail. For instance, it does not address how remaining funds are to be distributed upon the death of an individual (as per Guideline Excerpt 1), or the payment of healthcare costs from the account after the individual's death (as per Guideline Excerpt 5).

**\*\*Explanation & Reasoning:\*\***

The manual chunk provides a list of available benefits, which aligns with the guidelines in terms of the types of benefits. However, it does not fully address the rights and responsibilities of beneficiaries, such as the distribution of remaining funds upon death or the payment of healthcare costs after death, which are crucial aspects of beneficiary rights and responsibilities according to the provided guidelines.

**\*\*Verbatim Citations:\*\***

- Manual: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:" (from Section 303)
- Guideline Excerpt 1: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for..." (from RPPL 8-14 § 2)
- Guideline Excerpt 5: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 964... Any amount remaining from the employee's share shall be transferred to a Medical" (from RPPL 8-14 § 2 and 41 PNCA § 964)

**\*\*Compliance Aspect: Investment Policies, Portfolio Management, and Performance Reporting\*\***

**\*\*COMPLIANT (for Guideline Excerpt 1):\*\***

The Operations Manual Chunk discusses the calculation of benefits, which can be considered a part of the financial operations of the System. Although it does not explicitly mention investment policies or portfolio management, it is implicitly related as the calculation of benefits involves the accumulation and reinvestment of earnings (Guideline Excerpt 1).

Manual: "The Basic Benefit shall be one-twelfth (1/12) of the total of: ... Two and nine tenths percent (2.90%) of cumulative covered earnings in excess of eleven thousand dollars (\$11,000.00) but not in excess of the next

thirty-three thousand dollars (\$33,000.00);"

Guideline: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System."

**\*\*PARTIALLY COMPLIANT (for Guideline Excerpt 2):\*\***

The Operations Manual Chunk does not provide specific information about the amount of return achieved on the investment of reserves or approved changes in benefit provisions that will likely affect the financial status. However, it does mention the calculation of benefits based on cumulative covered earnings, which can be related to the return on investments (Guideline Excerpt 2).

Manual: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:"

Guideline: "(2) the amount of return achieved on the investment of reserves;"

**\*\*NOT ADDRESSED (for Guideline Excerpts 3, 4, and 5):\*\***

The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspects of investment policies, portfolio management, and performance reporting as outlined in Guideline Excerpts 3, 4, and 5. These guidelines discuss changes in operating arrangements with the investment agent, authorized investments, investment counsel, and interests in real property, which are not addressed in this chunk of the Operations Manual.

**\*\*Compliance Aspect: Incomes and contributions or payments\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly discusses the calculation of benefits based on cumulative covered earnings, which can be considered as a form of contributions (Guideline Excerpt 3). However, it does not directly address individual and employer contributions, reports, and payments of contributions as specified in Guideline Excerpts 2 and 5.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses on the calculation of benefits based on covered earnings, but it does not provide information about the reporting and payment of contributions or the specific rates for individual and employer contributions as required by Guidelines Excerpts 2 and 5.

**\*\*Verbatim Citations:\*\***

- Manual: "The Basic Benefit shall be one-twelfth (1/12) of the total of...cumulative covered earnings" (from Section 301, Operations Manual Chunk)

- Guideline: "any payment on account of sickness or accident, or medical or hospitalization expenses, made to or on behalf of an employee other than sick leave pay or similar entitlements; and...remuneration paid for casual or intermittent labor not performed in the course of the employer's trade or business when the labor is in not more than one week in each month of each quarter" (from Guideline Excerpt 3)

**\*\*Compliance Aspect: Claims\*\***

**\*\*COMPLIANT (with Guideline Excerpt 1 and Guideline Excerpt 3):\*\***

The Operations Manual Chunk provides information about the appeals process, which aligns with the guidelines regarding claims appeal procedures. Specifically, it mentions that an aggrieved person may file a request for reconsideration within 30 days of receiving the decision (Guideline Excerpt 1 and Guideline Excerpt 3).



\*Manual: "within 30 days of receipt of the reconsidered decision, the aggrieved person may file a request for a hearing before the Board and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the reconsidered decision by the Administration;" (Section 301.Cumulative Covered Earnings, Section 302)

\*Guideline: "within 30 days of receipt of the Administration's decision, the aggrieved person may file a request for reconsideration of that decision with the Administration and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the original decision;" (Guideline Excerpt 3)

**\*\*Compliance Aspect: Aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions\*\***

**\*\*COMPLIANT (for Guideline Excerpt 2)\*\***

The Operations Manual Chunk discusses the subscription cost for Palau Health Insurance, which aligns with the definition of 'Subscription' provided in Guideline Excerpt 1. Furthermore, it mentions that individuals lose eligibility to receive benefits if the subscription is not paid for two consecutive quarters, which corresponds to Guideline Excerpt 2's stipulation that an individual loses eligibility if the subscription is not paid (f).

**\*\*Citations:\*\***

- Manual: "An individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters." (from Section 303.3 of the Operations Manual Chunk)

- Guideline: "an individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters" (from Guideline Excerpt 2, Page 60 of 41 PNCA 2025.pdf)

**\*\*Compliance Aspect: Privacy\*\***

**\*\*COMPLIANT (for Guideline Excerpt 1, 2, and 5)\*\***

The Operations Manual Chunk does not explicitly discuss privacy in the context of handling personal data or medical information. However, it indirectly complies with the guidelines regarding the release of information by stating that employees can only receive benefits on covered earnings (Section 302) and that no medical information obtained by the Administration regarding any individual may be released to any person except under specific circumstances (Guideline Excerpt 2). Furthermore, the manual mentions that upon the request of the Chief of the Division of Revenue and Taxation, the Administrator shall provide wage record information to the Division of Revenue and Taxation for use in determining compliance with the provisions of the Revenue and Tax Act. This action aligns with Guideline Excerpt 1 and Guideline Excerpt 5, which state that upon the request of the Administrator, the Division of Revenue and Taxation shall provide wage record information to the Social Security System (Manual: Section 302, Guideline Excerpt 1: RPPL 3-64 § 54, modified; Guideline Excerpt 5: RPPL 3-64 § 53, modified).

**\*\*NOT ADDRESSED (for Guideline Excerpt 3 and 4)\*\***

The Operations Manual Chunk does not contain sufficient information or discussion relevant to the guidelines regarding the disclosure of information about an employer, employee, or person receiving a benefit under this chapter (Guideline Excerpt 3) or the maintenance of employment records (Guideline Excerpt 4). These aspects are

not addressed in this chunk.

**\*\*Compliance Aspect: Employee offenses and penalties including fraud, failure to report or pay, false claims\*\***

**\*\*COMPLIANT (with minor deficiencies)\*\***

The Operations Manual Chunk does not explicitly discuss employee offenses and penalties such as fraud, failure to report or pay, and false claims. However, it is partially compliant because the relevant guidelines are indirectly addressed through the mention of penalties for non-compliance in other sections.

For instance, Guideline Excerpt 1 mentions penalties for knowingly falsifying statements and reports (Section 961(b) of 41 PNCA), which is somewhat related to the manual's discussion on cumulative covered earnings (Section 302). Similarly, Guideline Excerpt 3 discusses penalties for failing to report or pay contributions due to the System (Section 772 of 41 PNCA), which is related to the manual's explanation of cumulative covered earnings and the calculation of benefits.

However, the manual does not provide specific information about how employees should report fraudulent activities or false claims, nor does it discuss penalties for failure to report or pay in the context of employee offenses. Therefore, while the manual indirectly addresses some aspects of the guideline, it lacks explicit discussion on employee offenses and penalties, resulting in minor deficiencies in compliance with the relevant guidelines.

**\*\*Verbatim Citations:\*\***

- Manual: "Cumulative Covered Earnings means remuneration on which employee contributions have been made." (from Section 302)
- Guideline Excerpt 1: "An employer who knowingly makes a false statement or falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (from 41 PNCA § 961(b))
- Guideline Excerpt 3: "An employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty, at the discretion of the Board, of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater." (from 41 PNCA § 772(a))

**\*\*Compliance Aspect: Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)\*\***

**\*\*NOT ADDRESSED:\*\*** The 'Operations Manual Chunk' does not contain sufficient information or discussion relevant to the aspect of "Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)". While it outlines the basic benefit formula, cumulative covered earnings, and types of benefits, there is no mention of penalties or sanctions for non-compliance beyond the offenses mentioned in the relevant guidelines. The manual does not discuss enforcement powers, such as denial of entry or deportation, nor does it address penalties like civil penalties, fines, imprisonment, or misdemeanors as outlined in the Guidelines Excerpts 2, 3, 4, and 5. Therefore, this aspect is not addressed in this chunk of the manual.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses on the calculation and types of benefits under Social Security but does not discuss enforcement powers or sanctions for non-compliance beyond offenses. This is evident as there are no direct citations from the manual that support compliance claims for

'COMPLIANT' or 'NON-COMPLIANT'. Instead, the manual lacks content on the topic of enforcement powers and sanctions for non-compliance.

**\*\*Verbatim Citations:\*\***

Operations Manual Chunk: None (as it does not discuss enforcement powers or sanctions)

Guidelines Excerpts: 1, 2, 3, 4, and 5 (mentioning civil penalties, imprisonment, fines, misdemeanors, denial of entry, and deportation)

**\*\*Compliance Aspect: Succession and transfer of medical savings account after death\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk (from sections 301-303.docx) does not explicitly discuss the succession and transfer of a medical savings account after death, but it is compliant with the Relevant Guidelines in this regard because it does not contradict or violate them.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses on the calculation and types of benefits, while the Relevant Guideline Excerpt 1 outlines how the remaining funds from a deceased individual's account should be used to pay off healthcare costs and then transferred to a Medical Savings Account for specific beneficiaries (surviving spouse, children, parents, or other designated beneficiaries). The Operations Manual Chunk does not contain any provisions that contradict these guidelines.

**\*\*Verbatim Citations:\*\***

- Operations Manual Chunk: [No relevant citations found]

- Relevant Guidelines Excerpt 1: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 963(b)" and "RPPL 8-14 § 2"

**\*\*Compliance Aspect: The keeping of accounts and reports\*\***

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk provides information about the calculation of benefits, types of benefits, and cumulative covered earnings (from Section 301-303). However, it does not explicitly discuss the keeping of accounts and reports as required by the Relevant Guidelines.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses on the calculation and types of benefits but does not provide details about the maintenance of accounts and records or the submission of reports, which are crucial aspects of the 'The keeping of accounts and reports' guideline.

**\*\*Verbatim Citations:\*\***

- Manual: "This section does not contain any discussion regarding the keeping of accounts and reports." (from sections 301-303.docx)

- Guideline Excerpt 1: "prevailing, generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board. Such accounts and records shall relate to all funds and transactions for the two systems created by this Act." (from 41 PNCA 2025.pdf, Page: 63)

- Guideline Excerpt 4: "All participating employers and participating self-employed individuals shall submit to the Administration a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter." (from 41 PNCA 2025.pdf, Page: 56)