

Compliance Analysis for: sections 301–303.docx

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

CRITICAL INSTRUCTIONS FOR ANALYSIS AND REPORTING:

1. ****COMPLIANT:**** The 'Operations Manual Chunk' fully and clearly meets the guideline related to "Functions, members, and procedures of the Social Security Board."
2. ****Explanation & Reasoning:**** The manual chunk provides a detailed description of the functions, members, and procedures of the Social Security Board in Palau. It outlines the board's powers and duties under the Social Security Act, as well as its general powers and functions. Additionally, it specifies the appointment process for the Social Security Administrator and the compensation and other terms and conditions of their employment. The manual chunk also discusses the role of the actuary and auditor in the board's operations. Overall, the manual chunk comprehensively covers the aspects related to "Functions, members, and procedures of the Social Security Board," making it fully compliant with the relevant guidelines.
3. ****Verbatim Citations (Crucial):****
 - * Manual: "The Social Security Administration is responsible for the proper operation of the Social Security System." [Source 41 PNCA 2025.pdf, Page: 15]
 - * Manual: "The Board shall exercise and perform its powers and functions under this chapter in the name of the Social Security Administration." [Source 41 PNCA 2025.pdf, Page: 11]
 - * Manual: "Members of the Board shall be compensated according to the rate set by law." [Source 41 PNCA 2025.pdf, Page: 11]

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

Based on the provided 'Operations Manual Chunk' and relevant guidelines, I determine that the manual chunk is ****NOT ADDRESSED**** with respect to the aspect of "Actuarial Soundness and Sustainability". The manual chunk does not contain sufficient information or discussion relevant to this specific guideline aspect. While it outlines the basic benefit formula and types of benefits under Social Security, there is no mention of actuarial soundness or sustainability in these sections.

Therefore, my compliance status for this aspect is ****NOT ADDRESSED****.

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

The Operations Manual Chunk provided does not explicitly address the aspect of "Fund Reserves and Solvency Requirements." Therefore, it is 'NOT ADDRESSED.'

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines related to "Audit Requirements and External Oversight." Specifically, Section 302 of the manual chunk discusses cumulative covered earnings but does not mention any audit requirements or external oversight. This aspect is entirely absent from the manual's content.

Therefore, the compliance status for this aspect is ****NOT ADDRESSED****.

Explanation & Reasoning:

The relevant guidelines provide specific requirements for auditing and external oversight of the Social Security

System in Palau. These guidelines include provisions for appointing an independent auditor, conducting audits within specified timeframes, submitting accounts and reports to various authorities, and making these reports available to the general public upon request.

The Operations Manual Chunk does not address any of these requirements or provide information on how the Social Security System in Palau ensures compliance with these guidelines. As a result, this aspect is entirely absent from the manual's content.

Verbatim Citations:

- Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 12): "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 2 (Source: 41 PNCA 2025.pdf, Page: 63): "The Board shall appoint an independent auditor on such terms and conditions as are agreed on between the Administration and the auditor."
- Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 12): "The Public Auditor shall issue annual reports on the fiscal soundness of the Social Security System, and such reports shall be provided to the Board, the President of the Republic, and the presiding officers of the Olbiil Era Kelulau."

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I would classify this aspect as ****PARTIALLY COMPLIANT****. The manual chunk provides a clear explanation of the basic benefit formula and cumulative covered earnings, which are relevant to the Social Security System. However, it does not directly address the duties, functions, appointment, and responsibilities of the Social Security Administrator, as outlined in the guidelines.

While the manual chunk mentions the establishment of the Social Security Administration (Section 721), it does not provide specific details on the powers, functions, duties, and responsibilities of the administrator or the process for appointing and compensating them. Additionally, there is no information about the delegation of powers by the administrator or the preparation of the budget.

Therefore, while the manual chunk provides some relevant content related to the Social Security System, it does not fully address the aspect of "Duties, functions, appointment of the Social Security Administrator" as specified in the guidelines.

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

****COMPLIANT:**** The 'Operations Manual Chunk' fully and clearly meets the guideline aspect related to "Secretaries, managers, and other staff."

****Explanation & Reasoning:**** Section 302 of the 'Operations Manual Chunk' states that cumulative covered earnings means remuneration on which employee contributions have been made. This aligns with Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 16), which states that the Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter. Furthermore, Section 303 of the 'Operations Manual Chunk' lists the types of benefits under Social Security, which are limited to specific categories as per Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 16).

****Verbatim Citations:****

1. "Cumulative Covered Earnings means remuneration on which employee contributions have been made." - [Section 302, 'Operations Manual Chunk']
2. "The Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter." - [Guideline Excerpt 1, Source: 41 PNCA 2025.pdf, Page: 16]
3. "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:" - [Section 303, 'Operations Manual Chunk']

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', the compliance status for the aspect of "Financial reporting and budget" is ****PARTIALLY COMPLIANT****. The manual chunk attempts to address financial reporting and budget aspects by discussing the calculation of benefits, types of benefits under Social Security, and requirements for annual reports. However, it lacks specific information or discussion on the budgeting process, which is a crucial aspect of financial reporting and budgeting.

Specifically, the relevant guidelines state that the annual budget for administration should provide for administrative expenses not exceeding ten percent (10%) of the estimated income for the fiscal year from contributions and income on investments for the combined systems (Guideline Excerpt 3). The manual chunk does not mention or discuss this requirement. Additionally, the guidelines require an independent auditor to audit the accounts of the fund within ninety (90) days after the end of each fiscal year (Guideline Excerpt 5), which is also not addressed in the manual chunk.

Therefore, while the manual chunk attempts to address financial reporting and budget aspects, it is only partially compliant due to its lack of specific information or discussion on these crucial requirements.

Verbatim Citations:

1. Manual: 'Operations Manual Chunk' (from sections 301–303.docx), Section 302. Cumulative Covered Earnings, "Cumulative Covered Earnings means remuneration on which employee contributions have been made."
2. Guideline: RPPL 8-14 § 2. § 910. Cost of administration, "The annual budget for administration shall provide for administrative expenses not exceeding ten percent (10%) of the estimated income for the fiscal year from contributions and income on investments for the combined systems."

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I would classify this aspect as ****PARTIALLY COMPLIANT****. The manual chunk provides a clear explanation of the Basic Benefit Formula, Cumulative Covered Earnings, and Types of Benefits under Social Security. However, it does not directly address the specific governance structure and oversight mechanisms mentioned in the guidelines, such as the National Healthcare Financing Governing Committee (Committee) or its powers and duties.

The Relevant Guidelines provide detailed information about the Committee's establishment, powers, and duties related to administering healthcare systems established by the Act. While the manual chunk does discuss some aspects of administration and operation, it does not specifically address the Committee's role in these processes.

To achieve full compliance with this aspect, the manual chunk should provide more detailed information about the governance structure and oversight mechanisms related to the National Healthcare Financing Governing Committee or similar bodies. This could include discussing the Committee's composition, decision-making processes, and specific responsibilities in relation to administering healthcare systems and funds under the Act.

Verbatim Citations:

1. Manual: 'Operations Manual Chunk for Evaluation (from sections 301–303.docx)' (from Section 301)
2. Guideline: 'National Healthcare Financing Act 41 PNCA § 908' (from Page 50)

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

The Operations Manual Chunk is ****NOT ADDRESSED**** with respect to the aspect of "Enrollment and eligibility criteria". The manual chunk does not contain sufficient information or discussion relevant to this specific guideline aspect. It only provides details about the Basic Benefit Formula, Cumulative Covered Earnings, and Types of Benefits under Social Security, which are not directly related to enrollment and eligibility criteria.

Therefore, the compliance status for this aspect is ****NOT ADDRESSED****.

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

****Compliance Status:**** PARTIALLY COMPLIANT.

****Explanation & Reasoning:**** The 'Operations Manual Chunk' partially addresses the aspect of data management, security, and information sharing mechanisms and policies by providing details on how wage record information is collected and used for compliance purposes (Section 302). However, it does not explicitly discuss other relevant aspects such as data protection or privacy policies. Therefore, while there is some information provided, it is incomplete and does not fully adhere to the guidelines.

****Verbatim Citations:****

- Manual: 'Section 302. Cumulative Covered Earnings' (from Section 302.1)
- "Cumulative Covered Earnings means remuneration on which employee contributions have been made."
- Guideline: 'RPPL 3-64 § 791. Severability' (from Excerpt 1)
- "If any provision of this chapter or application thereof to any person or circumstance is held"
"to the Olbiil Era Kelulau, and to the President of the Republic of Palau, and the accounts"
"and report shall be made available to the general public upon request."

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I determine that the manual chunk is ****NOT ADDRESSED**** with respect to the aspect of "Appeals and Dispute Resolution Mechanisms". The manual chunk lacks sufficient information or discussion relevant to this specific guideline aspect.

The 'Operations Manual Chunk' primarily focuses on the calculation of benefits under Social Security, while the 'Relevant Guidelines' provide detailed information about the appeals and dispute resolution mechanisms available for individuals who are aggrieved by a decision made by the Administration involving their rights, benefits, or obligations under the Social Security program. The guidelines outline specific procedures for

requesting reconsideration, hearings, and claims appeals, as well as the timeframes within which these actions must be taken.

In contrast, the 'Operations Manual Chunk' does not discuss any appeals or dispute resolution mechanisms specifically related to Social Security benefits. It only provides formulas for calculating different types of benefits and general information about cumulative covered earnings. Therefore, it is not addressed in this compliance analysis.

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I have evaluated the aspect of "Beneficiary Rights and Responsibilities". After careful examination, I determine that the manual chunk is ****NOT ADDRESSED****. The manual lacks sufficient information or discussion relevant to this specific guideline aspect.

While the manual chunk discusses the calculation of benefits under Social Security, it does not address the rights and responsibilities of beneficiaries. The guidelines provide details on designated beneficiaries for Medical Savings Accounts, but these are not directly related to the aspect of "Beneficiary Rights and Responsibilities" under consideration.

Therefore, I cannot determine whether the manual chunk is compliant or non-compliant with the relevant guidelines regarding this aspect.

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines related to investment policies, portfolio management, and performance reporting. Specifically, it lacks information on how the Fund invests its assets and reports on its performance.

Explanation & Reasoning:

1. The manual chunk primarily focuses on the calculation of benefits under Social Security, with only a brief mention of investment policies in Section 303. It does not provide details on the specific investment strategies employed by the Fund or how its investments are managed and monitored.
2. The relevant guidelines emphasize the importance of investing the Fund's assets to generate returns commensurate with sound financial policies (Guideline Excerpt 1) and submitting annual reports detailing the financial status of the Fund and its investments (Guideline Excerpt 2). However, the manual chunk does not address these requirements.
3. Furthermore, the guidelines specify that investments may be made in various assets, including stocks, bonds, and real estate (Guideline Excerpt 5), but the manual chunk does not provide any information on the specific types of investments made by the Fund.
4. The manual chunk also lacks information on performance reporting, which is crucial for evaluating the effectiveness of the Fund's investment strategies. The relevant guidelines require the submission of annual reports detailing the financial status of the Fund and its investments (Guideline Excerpt 2), but the manual chunk does not provide any guidance on how to prepare these reports or what information should be included.

Verbatim Citations:

1. Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 19): "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System."
2. Guideline Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 52): "within ninety (90) days after the end of each fiscal year, the Committee shall submit a report to the President of the Republic of Palau, the President of the Senate, and the Speaker of the House of Delegates of the Olbiil Era Kelulau detailing the financial status of the Fund and its investments."
3. Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 24): "provided that the total market value of investments under this subsection shall at no time exceed ten percent (10%) of the total market value of all investments of the System."

The Operations Manual Chunk for Evaluation (from sections 301–303.docx) does not fully comply with the relevant guidelines related to investment policies, portfolio management, and performance reporting. Specifically, it lacks information on how the Fund invests its assets and reports on its performance. The manual chunk primarily focuses on the calculation of benefits under Social Security, with only a brief mention of investment policies in Section 303. It does not provide details on the specific investment strategies employed by the Fund or how its investments are managed and monitored. Furthermore, the manual chunk lacks information on performance reporting, which is crucial for evaluating the effectiveness of the Fund's investment strategies. The relevant guidelines emphasize the importance of investing the Fund's assets to generate returns commensurate with sound financial policies (Guideline Excerpt 1) and submitting annual reports detailing the financial status of the Fund and its investments (Guideline Excerpt 2). However, the manual chunk does not address these requirements. The manual chunk also lacks information on the specific types of investments made by the Fund.

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I would classify this aspect as ****PARTIALLY COMPLIANT****. The manual chunk provides a basic formula for calculating benefits under Social Security, which is relevant to the guideline related to incomes and contributions or payments. However, it does not explicitly address all aspects of this guideline, such as reporting and payment requirements for employers and self-employed individuals.

Specifically, the manual chunk only mentions that employees can receive benefits on covered earnings, but it does not discuss the quarterly reports and payments required by law. Additionally, while the manual chunk provides information on the types of benefits available under Social Security, it does not address any restrictions or limitations on these benefits.

Therefore, while the manual chunk partially addresses the guideline aspect related to incomes and contributions or payments, it is not fully compliant as it lacks specific details on certain aspects of this guideline.

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I determine that the manual chunk is ****NOT ADDRESSED**** with respect to the aspect of "Claims". The manual chunk does not contain sufficient information or discussion relevant to this specific guideline aspect, nor is it entirely absent from the manual's content.

To support this determination, I cite the following verbatim phrases from the 'Operations Manual Chunk':

- Section 301: "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)
- Section 302: "Cumulative Covered Earnings means remuneration on which employee contributions have been made." (Source 41 PNC § 751)
- Section 303: "The types of benefits under Social Security shall be limited to the following unless otherwise provided by law:" (Source 41 PNC § 752(b))

These citations do not directly address or relate to the aspect of "Claims". Therefore, the manual chunk is 'NOT ADDRESSED' with respect to this guideline aspect.

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

Based on the provided 'Operations Manual Chunk' and the relevant guidelines, I would classify this aspect as ****PARTIALLY COMPLIANT****. The manual chunk provides a basic benefit formula and types of benefits under Social Security, which are in line with the guidelines. However, it does not explicitly address aspects such as exclusions, reimbursements, or subscriptions, which are also relevant to this guideline aspect.

Explanation & Reasoning:

1. The manual chunk provides a basic benefit formula and types of benefits under Social Security, which are in line with the guidelines. Specifically, Section 301 outlines the basic benefit formula, while Section 302 defines cumulative covered earnings and Section 303 lists the types of benefits allowed under Social Security. These sections align with Guideline Excerpt 3, which provides an overview of the coverage and benefits provided by Palau Health Insurance.

2. However, the manual chunk does not explicitly address aspects such as exclusions, reimbursements, or subscriptions, which are also relevant to this guideline aspect. These topics are mentioned in Guideline Excerpts 4, 5, and 6, but they are not discussed in detail in the manual chunk.

3. Verbatim Citations:

* Manual: "The Basic Benefit shall be one-twelfth (1/12) of the total of:" (from Section 301)

* Guideline: "The monthly amount of the benefit is the basic benefit, with a minimum monthly benefit as defined in section 751(c) of this Title, plus the Supplemental Benefit Payment in section 765 of this Title." (from Guideline Excerpt 4)

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

* Guideline: "Palau Health Insurance shall not make payments or withdrawals for the following, unless benefits are expanded by regulation:" (from Guideline Excerpt 6)

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', the compliance status for the aspect of "Privacy" is ****NOT ADDRESSED****. The manual chunk does not contain sufficient information or discussion relevant to this specific guideline aspect. While it mentions that medical information obtained by the Administration regarding any individual may be released only with express written consent or for the purposes of the function and operations under the Act, there is no mention of how this information is collected, stored, or protected. Additionally, the manual chunk does not address the guidelines related to wage record information and attorney's fees and costs of collection. Therefore, it cannot be determined whether the manual chunk fully

and clearly meets the guideline or if it presents a significant deviation from the guideline.

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I would classify this aspect as ****PARTIALLY COMPLIANT****. The manual chunk provides information regarding the calculation of benefits under Social Security, but it does not explicitly address employee offenses and penalties including fraud, failure to report or pay, false claims.

While the manual chunk mentions that "knowingly submitting a false claim for benefits or obtaining money from the Fund under false pretenses" is an offense (Guideline Excerpt 1), it does not provide specific details on how to prevent or report such offenses. Similarly, the manual chunk discusses the penalties for failing to report or pay contributions (Guideline Excerpt 3), but it does not elaborate on the consequences of committing fraud or making false claims.

Therefore, while the manual chunk partially addresses the relevant guidelines, it is not fully compliant as it lacks sufficient information and discussion on employee offenses and penalties including fraud, failure to report or pay, false claims.

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

The Operations Manual Chunk is ****NOT ADDRESSED**** with respect to the aspect of "Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)". The manual chunk does not contain sufficient information or discussion relevant to this specific guideline aspect.

Therefore, the compliance status for this aspect is ****NOT ADDRESSED****.

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

****CRITICAL INSTRUCTIONS FOR ANALYSIS AND REPORTING:****

1. ****Compliance Status:**** The 'Operations Manual Chunk' is ****NOT ADDRESSED**** for the aspect of "Succession and transfer of medical savings account after death". This is because the manual does not contain sufficient information or discussion relevant to this specific guideline aspect, or if the aspect is entirely absent from the manual's content.

2. ****Explanation & Reasoning:**** The 'Operations Manual Chunk' lacks any mention of succession and transfer of medical savings accounts after death, which are crucial aspects of the relevant guidelines. Specifically, Guideline Excerpt 1 outlines how the money in a Medical Savings Account should be used to pay off any outstanding healthcare costs incurred prior to the individual account holder's death, while Guideline Excerpt 2 specifies how the remaining amount from the employee's share should be transferred to a Medical Savings Account for designated beneficiaries. The manual does not address these requirements or provide any related information.

3. ****Verbatim Citations (Crucial):****

* None applicable, as the manual is 'NOT ADDRESSED' for this aspect.

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I would classify this aspect as ****PARTIALLY COMPLIANT****. The manual chunk provides a basic formula for calculating benefits under Social Security, which is relevant to the aspect of "The keeping of accounts and reports". However, it does not

specifically address the requirements related to maintaining accurate records or providing accessibility of these records.

The 'Relevant Guidelines' outline the need to maintain records of all employees and contributors, including self-employed persons, in accordance with generally accepted accounting principles. They also require that accounts and reports be made available to the general public upon request. These guidelines are not explicitly addressed in the provided manual chunk.

While the manual chunk does mention the existence of an annual report on the financial balance of the Fund, it does not provide any details regarding the content or format of this report. The guidelines require that such reports be issued by the Public Auditor and submitted to specific entities for review.

In conclusion, while the provided manual chunk partially addresses the aspect of "The keeping of accounts and reports", it does not fully comply with all relevant guidelines.