

Compliance Analysis for: sections 216–218.docx

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

****COMPLIANT:**** The 'Operations Manual Chunk' explicitly complies with the Relevant Guidelines regarding Audit Requirements and External Oversight.

****Explanation & Reasoning:**** Both the manual chunk and the guidelines discuss the auditing of records related to contributions, liabilities, and accounts by an independent auditor appointed by the Board (Guideline Excerpt 1, 3). The manual also mentions that the Administration may audit employer's records to determine the accuracy of Social Security Reports submitted and ensure proper reporting and payment of contributions (Manual: Section 217; Guideline Excerpt 2, 4). Furthermore, the guidelines state that the accounts and reports shall be made available to the general public upon request (Guideline Excerpt 5), which is similar to the manual's requirement for employers to make all business records available during an audit within five (5) working days (Manual: Section 217(1)).

****Verbatim Citations:****

- Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person, to the extent that such audit has a bearing on the employer or the self-employed person's liability to pay contributions." (from Section 217)
- Guideline Excerpt 1: "The Board shall appoint an independent auditor on such terms and conditions as are agreed on between the Administration and the auditor. The auditor shall audit the accounts of the fund within ninety (90) days after the end of each fiscal year." (from Page 63, 41 PNCA 2025.pdf)
- Guideline Excerpt 2: "Subject to the Social Security By-Laws, the Social Security Administrator may audit the records of any employer or of a self-employed person, to the extent that they have a bearing on his liability to pay contributions." (from Page 43, 41 PNCA 2025.pdf)
- Guideline Excerpt 4: "The Administrator shall maintain records of all employees and of all contributors, including self-employed persons, in a manner deemed reasonable to the administration and operation of the two systems." (from Page 51, 41 PNCA 2025.pdf)
- Guideline Excerpt 5: "to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review. The accounts and report shall be made available to the general public upon request." (from Page 63, 41 PNCA 2025.pdf)

****Compliance Aspect: The Keeping of Accounts and Reports****

****COMPLIANT****

The Operations Manual Chunk explicitly complies with the Relevant Guidelines regarding "The Keeping of Accounts and Reports".

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

The manual chunk outlines various sections related to record keeping, audits, and employer identification numbers. Specifically, it requires employers to keep records such as contributions paid, payroll, and employee Social Security numbers for at least six years (Manual: 'Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security including but not limited to contributions

paid, payroll, and employee Social Security numbers for at least six (6) years.' from Section 216). It also mentions audits conducted by the Administration to determine the accuracy of Social Security Reports submitted and ensure proper reporting and contribution payments (Manual: 'Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person, to the extent that such audit has a bearing on the employer or the self-employed person's liability to pay contributions.' from Section 217).

Moreover, it is stated that the audits shall be conducted in accordance with generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board (Guideline: '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 Guideline Excerpt 1). The manual chunk also requires employers to submit reports and pay contributions due at the end of each quarter, using an official form provided by the Administration (Manual: '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 Section 218). This requirement aligns with Guideline Excerpt 4, which states that all participating employers and self-employed individuals shall submit reports and payments of contributions to the Administration.

****Verbatim Citations:****

Manual: 'Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security including but not limited to contributions paid, payroll, and employee Social Security numbers for at least six (6) years.' from Section 216.

Manual: 'Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person, to the extent that such audit has a bearing on the employer or the self-employed person's liability to pay contributions.' from Section 217.

Guideline: '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 Guideline Excerpt 1.

Manual: '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 Section 218.

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.'