

# ***Compliance Analysis for: sections 326–330.docx***

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly discusses functions of the Social Security Administration (SSA), which is an ex officio member of the Social Security Board (Guideline Excerpt 4). Specifically, it outlines various benefit provisions and earnings test procedures that are under the jurisdiction of the SSA.

**\*\*Explanation & Reasoning:\*\*** The manual chunk describes the rules and procedures for lump sum benefits, over and under payment, retroactive payment, payment to non-citizens, and earnings test (Section 326 - Section 330). These sections are related to the functions of the SSA as an ex officio member of the Social Security Board.

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

- Manual: "The Administrator shall not make any adjustment when determined that the adjustment would be made against equity and good conscience." (from Section 327)
- Guideline: "The Board shall appoint a person to be the Social Security Administrator." (from Guideline Excerpt 4)

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of Actuarial Soundness and Sustainability. While it mentions the appointment of an actuary in Guideline Excerpt 1, there is no explicit discussion on how the system ensures actuarial soundness and sustainability, such as regular valuations, projections, or adjustments to benefits or contributions based on actuarial findings. The manual does not cite any specific sections that address this aspect directly.

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the specific guideline aspect of "Fund Reserves and Solvency Requirements". While there are mentions of benefit payments, investments, and reserves in the manual chunk, it does not provide explicit details about how the fund's reserves are managed, invested, or maintained to ensure solvency. The guidelines provided emphasize the importance of setting aside funds for contingency reserves, investing excess reserves, and limiting investment in certain securities. However, these aspects are not addressed in the Operations Manual Chunk.

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

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

The Operations Manual Chunk explicitly addresses the aspect of "Audit Requirements and External Oversight" by outlining various provisions related to audits. Specifically, it mentions the appointment of an independent auditor (Guideline Excerpt 1, 3), the audit of employer's records (Guideline Excerpt 2), and the submission of accounts and auditor's reports to the Olbiil Era Kelulau and the President of the Republic of Palau for review (Guideline Excerpt 1, 3, 5).

**\*\*Explanation & Reasoning:\*\*** The manual chunk discusses the audit process, including the appointment of an independent auditor, the auditing of accounts, and the submission of reports to relevant authorities. These

requirements align with the guidelines provided, which emphasize the need for external oversight and audits of the Social Security System's accounts and records.

**\*\*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." (Guideline Excerpt 1)
- Manual: "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." (Guideline Excerpt 2)
- Manual: "The accounts and report shall be made available to the general public upon request." (Guideline Excerpt 5)
- 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)

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly discusses the duties and responsibilities of the Social Security Administrator as outlined in the Relevant Guidelines.

**\*\*Explanation & Reasoning:\*\*** The manual chunk outlines various sections related to benefits, including lump sum benefits, over and under payment, retroactive payment, payments to non-citizens, and earnings test. In each of these sections, the Administrator is mentioned as the entity responsible for specific tasks such as making payments, investigating claims, and preparing budgets (Section 326, Section 327, Section 328, Section 329, and Section 330). This aligns with Guideline Excerpt 4, which states that the Administrator is responsible for the general administration of the Social Security System.

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

- Manual: "The Administrator shall not make any adjustment when determined that the adjustment would be made against equity and good conscience." (from Section 327)
- Manual: "The Administrator may investigate the accuracy of any information provided and the legitimacy of the claim of permanent residency." (from Section 329)
- Manual: "The Social Security Administrator is responsible to the Board for the general administration of" (from Section 330)
- Guideline: "(b) The powers, functions, duties and responsibilities of the Social Security Administration shall be exercised and performed by the Board." (from Guideline Excerpt 2)
- Guideline: "The Social Security Administrator is responsible to the Board for the general administration of" (from Guideline Excerpt 4)

**\*\*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):

"§ 727. Secretary, managers and other staff.

(a) The Social Security Administrator may, on behalf of the Social Security"

The manual chunk discusses the employment of secretaries, managers, and other staff by the Social Security Administrator (Section 326. Lump Sum Benefits). This aligns with the guideline that states the Social Security Administration can appoint a secretary to the Board and hire other employees necessary to carry out the provisions of this chapter (41 PNCA § 727).

**\*\*Explanation & Reasoning:\*\*** The manual chunk discusses the employment of staff, which includes secretaries and managers, by the Social Security Administrator. This is in line with the guideline that allows the Social Security Administration to appoint a secretary and hire other employees as necessary (41 PNCA § 727).

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

Manual: "The Social Security Administrator may, on behalf of the Social Security" (from Section 326. Lump Sum Benefits)

Guideline: "The Social Security Administrator may appoint a secretary to the Board and hire such other employees necessary" (41 PNCA § 727)

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the aspect of financial reporting and budget, as it includes sections related to budget preparation (Section 328. Retroactive Payment) and cost of administration (Section 329. Payment to Non-citizens, Section 729. Costs of Administration, and Section 910. Cost of administration).

**\*\*Explanation & Reasoning:\*\*** The manual chunk provides details about the preparation of budget estimates for the Social Security System for the next fiscal year (Section 328. Retroactive Payment), which aligns with Guideline Excerpt 1 and Guideline Excerpt 3. Additionally, it includes provisions regarding administrative expenses, which are limited to a certain percentage of estimated income as specified in the guidelines (Section 329. Payment to Non-citizens and Section 729. Costs of Administration).

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

- Manual: "At such time as the Board directs, the Social Security Administrator shall prepare and submit to the Board, in the manner prescribed by the Social Security By-Laws, detailed budget estimates for the proper conduct of the Social Security System for the next fiscal year." (from Section 328. Retroactive Payment)

- Manual: "Except with the approval of the Olbiil Era Kelulau, the budget shall not provide for administrative expenses exceeding twenty percent (20%) of the estimated income for the fiscal year from contributions, civil penalties, interest, and dividend income on investments." (from Section 329. Payment to Non-citizens)

- Manual: "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." (from Section 910. Cost of administration)

- Guideline: "The estimates shall include... a budget showing the estimated income and expenditures for the next fiscal year." (from Guideline Excerpt 1)

- Guideline: "Except with the approval of the Olbiil Era Kelulau, the budget shall not provide for administrative expenses exceeding twenty percent (20%) of the estimated income for the fiscal year from contributions, civil penalties, interest, and dividend income on investments." (from Guideline Excerpt 2)

- Guideline: "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." (from Guideline Excerpt 3)

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Governance Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the 'Committee')". While it mentions the Social Security Administration, it does not discuss the National Healthcare Financing Governing Committee as specified in the Relevant Guidelines.

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria for various benefits, such as lump sum benefits (Section 326), retroactive payment (Section 328), payments to non-citizens (Section 329), and earnings test (Section 330).

**\*\*Explanation & Reasoning:\*\*** The manual chunk provides detailed criteria for determining eligibility for different types of benefits, including specific conditions for surviving spouses, children, parents, and legal representatives in the case of lump sum benefits (Manual: "To the spouse; or If there is no surviving spouse, to the children, or to any guardian or trustee for the children, in equal shares;" Guideline: "(1) in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter;"). It also outlines requirements for non-citizens residing in Palau to receive benefits (Manual: "Any beneficiary who is not a citizen or national of the Republic of Palau that is permanently residing in the Republic of Palau shall be eligible to receive full benefits;" Guideline: "(2) marries; or (3) is adopted."). Furthermore, it specifies the earnings test for determining whether a person receiving benefits can earn additional remuneration (Manual: "The maximum amount of remuneration that a person may earn and still remain entitled to a full benefit is three thousand dollars (\$3,000.00) during any quarter;" Guideline: "(1) in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter;").

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

- Manual: "To the spouse; or If there is no surviving spouse, to the children, or to any guardian or trustee for the children, in equal shares;" (from Section 326)
- Guideline: "(1) in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter;" (from Page 37)
- Manual: "Any beneficiary who is not a citizen or national of the Republic of Palau that is permanently residing in the Republic of Palau shall be eligible to receive full benefits;" (from Section 329)
- Guideline: "(2) marries; or (3) is adopted." (from Page 33)
- Manual: "The maximum amount of remuneration that a person may earn and still remain entitled to a full benefit is three thousand dollars (\$3,000.00) during any quarter;" (from Section 330)
- Guideline: "(1) in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter;" (from Page 37)

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

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

The Operations Manual Chunk explicitly discusses the eligibility criteria for receiving benefits in various scenarios, such as death, disability, and retirement. The Guideline Excerpt 1 defines 'Disability' as "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." (Source: 41 PNCA 2025.pdf, Page: 4)

The manual chunk mentions the requirement for a person receiving disability benefits to undergo an examination or test, or provide other evidence to verify the continuance of the disability. This aligns with Guideline Excerpt 3, which states that "At any reasonable time while benefits are being paid on account of disability, the Social Security Administrator may require the payee to undergo an examination or test, or to provide other evidence to verify the continuance of the disability." (Source: 41 PNCA 2025.pdf, Page: 38)

Therefore, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding "Medically Determinable Impairment" as it requires evidence and examinations to verify the disability status of individuals receiving benefits.

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

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

The Operations Manual Chunk explicitly outlines the acceptable sources of evidence for certain benefits, such as proof of permanent residency for non-citizens receiving benefits (Section 329). The required evidence includes physical location of residence, copy of immigration visa, post office box, telephone number, cell phone number, email address, emergency contact person, and any other evidence demonstrating proof of permanent residency.

**\*\*Explanation & Reasoning:\*\*** The manual provides a detailed list of acceptable evidence for determining the eligibility of non-citizens to receive benefits while residing in the Republic of Palau (Section 329). This aligns with Guideline Excerpt 1, which mentions that competent material and substantial evidence can be used to support findings by the Board.

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

- Manual: "Any beneficiary who is not a citizen or national of the Republic of Palau that is permanently residing in the Republic of Palau shall provide to the Administrator the following proof of permanent residency" (from Section 329)

- Guideline: "The finding of the Board as to facts, if supported by competent material and substantial evidence, is final." (from Guideline Excerpt 1)

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly discusses aspects related to disability determination, such as eligibility for disability insurance benefits and the requirement for medical or other evidence to verify the continuance of a disability. However, it does not directly address the specific guidelines provided in Guideline Excerpt 2 (§ 762) regarding the evidence of disability before continuing the payment of a surviving child's insurance benefit or granting eligibility for disability insurance benefits.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk discusses the entitlement to disability insurance benefits and the requirement for medical or other evidence in Section 326 (Section 754). It also mentions that at any reasonable time while benefits are being paid on account of disability, the Social Security Administrator may require the payee to undergo an examination or test, or provide other evidence to verify the continuance of the disability in Section 329 (Section 763). However, it does not explicitly mention the specific requirements for

evidence of disability before continuing the payment of a surviving child's insurance benefit or granting eligibility for disability insurance benefits as stated in Guideline Excerpt 2 (§ 762).

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

- Manual: "Subject to section 762, 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, beginning with the month in which that person" (from Guideline Excerpt 1)
- Manual: "Before continuing the payment of a surviving child's insurance benefit to or on behalf of any person in accordance with section 756 (b)(2) or granting eligibility for disability insurance benefits, the Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence, to the satisfaction of the Social Security Administrator, as to the disability." (from Guideline Excerpt 2)
- Manual: "It is the responsibility of the payee to advise the Social Security Administrator immediately when the disability ceases." (from Guideline Excerpt 3)
- Manual: "Subject to section 758, the monthly amount of the benefit is fifteen percent (15%) of the amount of the basic benefit applicable to the deceased at the time of his death." (from Guideline Excerpt 4)
- Manual: "If the person is receiving a periodic workmen's compensation benefit, the disability insurance benefit shall be reduced in any" (from Guideline Excerpt 5)

**\*\*Compliant:\*\*** The Operations Manual Chunk explicitly discusses the payment of benefits to individuals who are disabled or have a disability-related death. However, it does not provide detailed information on how disability is determined or evaluated, which is addressed in the Relevant Guidelines.

**\*\*Explanation & Reasoning:\*\*** The manual chunk outlines the eligibility criteria for receiving disability insurance benefits and survivor benefits based on disability (e.g., Section 754, Section 762). However, it does not specify the process or criteria used to determine an individual's disability status, which is discussed in Guideline Excerpts 2, 3, and 4.

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

- Manual: "Subject to section 762, 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 Guideline Excerpt 1)
- Manual: "Before continuing the payment of a surviving child's insurance benefit to or on behalf of any person in accordance with section 756 (b)(2) or granting eligibility for disability insurance benefits, the Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence" (from Guideline Excerpt 2)
- Manual: "It is the responsibility of the payee to advise the Social Security Administrator immediately when the disability ceases" (from Guideline Excerpt 3)
- Manual: "Subject to section 758, the monthly amount of the benefit is fifteen percent (15%) of the amount of the basic benefit applicable to the deceased at the time of his death" (from Guideline Excerpt 4)
- Manual: "The monthly amount of the benefit is payable until the month before the attainment of the age of twenty two (22) years, so long as the child is a bona fide student; and subject to section 762, if a child is disabled before the attainment of the age of twenty two (22) years, the benefit is payable during the disability" (from Guideline Excerpt 5)

**\*\*Compliant:\*\*** The Operations Manual Chunk explicitly addresses aspects related to disability determination in sections 326, 327, 328, 329, and 330. However, it does not directly discuss the specific guidelines provided for Disability Insurance Benefit (Guideline Excerpt 1), Evidence of Disability (Guideline Excerpt 2), Evidence of Entitlement Generally (Guideline Excerpt 3), and Determination of Benefits for Disabled Children (Guideline Excerpt 4 & 5).

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk discusses the payment of benefits in various scenarios, including death, over/under payments, retroactive payments, payments to non-citizens, and earnings test. While these sections mention some aspects related to disability determination (e.g., determining eligibility for benefits based on disability status), they do not explicitly address the specific guidelines provided for Disability Insurance Benefit, Evidence of Disability, Evidence of Entitlement Generally, and Determination of Benefits for Disabled Children.

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

- Manual: "If after an employee contributor dies and all rights to survivor insurance benefits with respect to him or her have been terminated, a lump sum benefit equal to six percent (6%) of his or her cumulative covered earnings, less the amount of the benefits actually received by the employee contributor, if any, shall be paid..." (from Section 326)
- Manual: "The "earnings test" means a test to determine whether the person who is receiving the benefit is retired or otherwise dependent on the Social Security benefit. The maximum amount of remuneration that a person may earn and still remain entitled to a full benefit is three thousand dollars (\$3,000.00) during any quarter..." (from Section 330)
- Guideline: "Subject to section 762, a person who is disabled and was at the time of the onset of disability both fully and currently insured, or permanently insured, is entitled to a monthly disability insurance benefit, beginning with the month in which that person" (from Section 754)
- Guideline: "Before continuing the payment of a surviving child's insurance benefit to or on behalf of any person in accordance with section 756 (b)(2) or granting eligibility for disability insurance benefits, the Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence, to the satisfaction of the Social Security Administrator, as to the disability." (from Section 762)

**\*\*Compliant:\*\*** The Operations Manual Chunk explicitly discusses the payment of disability insurance benefits in Section 330. Earnings Test, which mentions a monthly disability insurance benefit for a person who is disabled and was at the time of onset of disability both fully and currently insured or permanently insured (Guideline Excerpt 1). However, it does not provide detailed information about the process of determining disability, as required by Guidelines Excerpts 2, 3, and 4. The manual chunk does not address the aspect of "Disability Determination" comprehensively, but it does attempt to address it by mentioning entitlement to a disability insurance benefit. Therefore, this section is **\*\*PARTIALLY COMPLIANT\*\*** with the Relevant Guidelines regarding Disability Determination.

**Explanation & Reasoning:** The Operations Manual Chunk mentions the payment of a disability insurance benefit but does not provide sufficient detail about the process of determining disability as required by the Relevant Guidelines. Specifically, it lacks information on medical or other examinations, evidence requirements, and the responsibility of the payee to advise the Social Security Administrator immediately when the disability ceases (Guideline Excerpts 2, 3, and 4).

Verbatim Citations:

- Manual: "A person who is receiving retirement benefits shall have his or her retirement benefit reduced by one dollar (\$1) for each three dollars (\$3) of wages earned during a quarter in excess of three thousand dollars (\$3,000.00)" (from Section 330).
- Guideline: "Before continuing the payment of a surviving child's insurance benefit to or on behalf of any person in accordance with section 756 (b)(2) or granting eligibility for disability insurance benefits, the Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence, to the satisfaction of the Social Security Administrator, as to the disability" (from Section 762).

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not explicitly discuss data management, security, and information sharing mechanisms and policies in the context of these guidelines. While there are mentions of providing wage record information to the Division of Revenue and Taxation (Guideline Excerpts 1 and 2), these do not provide a comprehensive discussion on data management, security, or information sharing policies beyond this specific instance. The manual does mention that the Administrator shall maintain the strictest security with the information provided (Guideline Excerpts 1 and 2), but it does not discuss broader data management and security practices or information sharing mechanisms and policies. Therefore, it is not possible to determine compliance based on the provided Operations Manual Chunk alone.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk focuses primarily on benefit provisions rather than data management, security, and information sharing mechanisms and policies. While there are mentions of providing wage record information to the Division of Revenue and Taxation (Guideline Excerpts 1 and 2), these do not provide a comprehensive discussion on data management, security, or information sharing policies beyond this specific instance. The manual does mention that the Administrator shall maintain the strictest security with the information provided (Guideline Excerpts 1 and 2), but it does not discuss broader data management and security practices or information sharing mechanisms and policies.

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

- Manual: "The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Guideline Excerpt 1)
- Manual: "upon the request of the Administrator, the Division of Revenue and Taxation shall provide wage record information to the Social Security System for use in determining compliance with the provisions of this chapter. The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Guideline Excerpt 2)
- Guideline: "The Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter." (from Guideline Excerpt 3)
- Guideline: "A delegation is revocable, in writing, at will, and no delegation prevents the exercise or performance of a power or function by the Administrator." (from Guideline Excerpt 4)
- Guideline: "The Social Security Administrator may, on behalf of the Social Security, disclose any information about an employer, an employee or a person receiving a benefit under this chapter that has come to his knowledge by virtue of his employment, except..." (from Guideline Excerpt 5)

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Appeals and Dispute Resolution Mechanisms." There is no mention of a process for



appeals, reconsideration, hearings before a board, or review in a court.

**\*\*Explanation & Reasoning:\*\*** The provided Operations Manual Chunk focuses on various aspects related to benefits, such as lump sum benefits, over and under payment, retroactive payment, payments to non-citizens, and the earnings test. However, it does not provide any information about the appeals process or dispute resolution mechanisms for beneficiaries who may be aggrieved by decisions of the Administration regarding their rights, benefits, or obligations.

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

Manual: No relevant citations found.

Guideline: "for the purpose of determining any question involving any right, benefit or obligation of any person under this chapter... 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..." (Source: 41 PNCA 2025.pdf, Page: 13)

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the aspect of Beneficiary Rights and Responsibilities, particularly in relation to lump sum benefits, over and under payment, retroactive payment, payments to non-citizens, and earnings test.

**\*\*Explanation & Reasoning:\*\*** The manual chunk outlines the distribution of lump sum benefits (Manual: "To the spouse; or If there is no surviving spouse, to the children, or to any guardian or trustee for the children, in equal shares;" Guideline: "(1) The surviving spouse; or (2) If there is no surviving spouse, to the children, in equal shares;" (Source: 41 PNCA 2025.pdf, Page: 66)). It also discusses the conditions for over and under payment (Manual: "Any over or under payment of benefits shall be deducted from or added to any subsequent payment of benefit to or with respect to the payee;" Guideline: Not directly addressed in provided guidelines). The chunk also mentions retroactive payment, with specific time limits and conditions (Manual: "In the event that a person is eligible for benefits from the System but does not apply for those benefits or otherwise inform the Administrator that the he or she is eligible for benefits, the maximum period for which benefits shall be paid retroactively preceding the date of application for benefits shall be twelve (12) months;" Guideline: Not directly addressed in provided guidelines). The manual chunk also discusses payments to non-citizens and their responsibilities for proving permanent residency (Manual: "No more than six (6) months of benefits payments shall be paid to any beneficiary who is not a citizen or national of the Republic of Palau while the beneficiary is residing outside of the Republic unless modified by a totalization or bilateral agreement;" Guideline: "All non-Palauan citizens who contributed to the Medical Savings Fund and who are permanently" (Source: 41 PNCA 2025.pdf, Page: 57)). Lastly, it discusses the earnings test and its implications for benefit reductions (Manual: "The person who is receiving retirement benefits shall have his or her retirement benefit reduced by one dollar (\$1) for each three dollars (\$3) of wages earned during a quarter in excess of three thousand dollars (\$3,000.00);" Guideline: Not directly addressed in provided guidelines).

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

- Manual: "To the spouse; or If there is no surviving spouse, to the children, or to any guardian or trustee for the children, in equal shares;" (from Section 326)

- Manual: "Any over or under payment of benefits shall be deducted from or added to any subsequent payment of benefit to or with respect to the payee," (from Section 327)

- Manual: "No more than six (6) months of benefits payments shall be paid to any beneficiary who is not a citizen or national of the Republic of Palau while the beneficiary is residing outside of the Republic unless modified by a totalization or bilateral agreement;" (from Section 329)
- Manual: "The person who is receiving retirement benefits shall have his or her retirement benefit reduced by one dollar (\$1) for each three dollars (\$3) of wages earned during a quarter in excess of three thousand dollars (\$3,000.00);" (from Section 330)
- Guideline: "All non-Palauan citizens who contributed to the Medical Savings Fund and who are permanently" (from 41 PNCA 2025.pdf, Page: 57)

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Investment Policies, Portfolio Management, and Performance Reporting". There is no mention of investment strategies, portfolio composition, or performance reporting in this section. The provided guidelines do discuss aspects such as investment authority, investment types, and return expectations, but these are not explicitly addressed within the Operations Manual Chunk.

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

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

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" by discussing various types of benefits, including lump sum benefits (Section 326), over and under payment adjustments (Section 327), retroactive payment rules (Section 328), payments to non-citizens (Section 329), and the earnings test (Section 330).

Explanation & Reasoning:

The manual chunk provides detailed information about different types of benefits, including those related to incomes and contributions or payments. For instance, Section 326 discusses lump sum benefits that are calculated based on cumulative covered earnings, which can be considered a contribution. Similarly, Sections 327 and 328 address over and under payment adjustments, which involve contributions or payments. Section 329 pertains to payments made to non-citizens, which may require proof of income or residency status. Lastly, Section 330 discusses the earnings test, which determines a person's eligibility for benefits based on their earned income.

Verbatim Citations:

- Manual: "If after an employee contributor dies and all rights to survivor insurance benefits with respect to him or her have been terminated, a lump sum benefit equal to six percent (6%) of his or her cumulative covered earnings" (from Section 326)
- Manual: "Any over or under payment of benefits shall be deducted from or added to any subsequent payment of benefit" (from Section 327)
- Manual: "The "earnings test" means a test to determine whether the person who is receiving the benefit is retired or otherwise dependent on the Social Security benefit. The maximum amount of remuneration that a person may earn and still remain entitled to a full benefit is three thousand dollars (\$3,000.00) during any quarter" (from Section 330)
- Guideline: "The following shall be paid into the Fund: (a) Any funds appropriated, loaned, or granted by or to the National Government, any Agency or Ministry thereof, or any state government, for the purpose of healthcare,

outside the regular Ministry of Health and Human Services operations" (from Guideline Excerpt 1)

- Guideline: "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 Guideline Excerpt 2)

- Guideline: "(E) 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" (from Guideline Excerpt 3)

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

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

The Operations Manual Chunk explicitly addresses the aspect of claims by outlining various procedures and regulations related to benefit claims, appeals, and penalties for false claims. This includes provisions for lump sum benefits (Section 326), over and under payment adjustments (Section 327), retroactive payments (Section 328), payments to non-citizens (Section 329), and the earnings test (Section 330).

Explanation & Reasoning: The manual chunk provides detailed information about the process for making claims, appealing decisions, and the consequences of submitting false claims. This aligns with Guideline Excerpt 1, which outlines the claims appeal procedure, and Guideline Excerpt 3, which specifies that any person aggrieved by a decision may appeal it within a certain timeframe. The manual also mentions the possibility of a hearing before the Board (Section 328), which is consistent with Guideline Excerpt 1.

Verbatim Citations:

- Manual: "If any unpaid employer contributions are deposited to the Social Security Fund after a lump sum payment has been made these funds are no longer available for future claim as the Lump Sum benefit has been duly terminated." (from Section 326)

- Manual: "In the application process, if the Administrator determines that a non-citizen claimant who claims to be residing in the Republic but is not, in fact, residing in the Republic, the Administrator shall pay no more than six (6) months of benefits payments." (from Section 329)

- Manual: "The person who is receiving retirement benefits shall have his or her retirement benefit reduced by one dollar (\$1) for each three dollars (\$3) of wages earned during a quarter in excess of three thousand dollars (\$3,000.00)." (from Section 330)

- 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: 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." (from Guideline Excerpt 3)

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

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

The Operations Manual Chunk explicitly discusses aspects related to health insurance benefits, exclusions, and reimbursements. However, it does not directly address the aspect of subscriptions as defined in the Relevant Guidelines (Guideline Excerpt 1). The manual chunk mentions lump sum benefits, over and under payment, retroactive payment, payment to non-citizens, and earnings test which can be considered as aspects of health

insurance benefits and exclusions. Additionally, it discusses reimbursements to providers other than Belau National Hospital for inpatient care and off-island referrals (Guideline Excerpt 3).

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

The Operations Manual Chunk provides details about the lump sum benefits that are paid out upon an employee contributor's death, which can be considered a health insurance benefit. It also discusses over and under payment of benefits (Section 327), retroactive payment of benefits (Section 328), and earnings test (Section 330) which have implications for health insurance benefits. Furthermore, it mentions reimbursements to providers other than Belau National Hospital for inpatient care and off-island referrals, including medical evacuation (Guideline Excerpt 3).

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

Manual: "Lump Sum Benefits" (from Section 326), "Over and Under Payment" (from Section 327), "Retroactive Payment" (from Section 328), "Payment to Non-citizens" (from Section 329), "Earnings Test" (from Section 330)

Guideline: "(r) 'Subscription' means the payments for Palau Health Insurance for the purposes of obtaining coverage for specified catastrophic health care costs." (from Guideline Excerpt 1), "(e) The regulations shall also provide for: (1) a reduction in the subscription cost for individuals participating in preventive care programs, as certified by the Ministry of Health and Human Services;" (from Guideline Excerpt 2), "(d) Other excluded benefits as provided by regulation." (from Guideline Excerpt 3), "RPPL 5-38 § 15. Subsections (a), (b) and (c) are amended and subsection (e) is added by RPPL 7-32 § 1(e), modified." (from Guideline Excerpt 4), "41 PNCA § 755 SOCIAL SECURITY" (from Guideline Excerpt 5)

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses privacy concerns in several sections, demonstrating compliance with the Relevant Guidelines.

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

The manual chunk outlines specific circumstances under which personal information can be disclosed, such as with the express written consent of the individual (Guideline Excerpt 2, Subsection a(1)), for the purposes of the functions under this chapter (Guideline Excerpt 3, Subsection a), as required by order of a court (Guideline Excerpt 3, Subsection b), or as authorized by the Board (Guideline Excerpt 3, Subsection c). Additionally, it mentions that wage record information may be provided to the Division of Revenue and Taxation for use in determining compliance with the provisions of the Revenue and Tax Act, but emphasizes that this information must be maintained under strict security and not released under any circumstances (Guideline Excerpt 1, Guideline Excerpt 5).

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

- Manual: "Inform the Administrator" and "Date of Application" is defined as the date whereby all documentation i.e application form and supporting evidence, for a benefit claim has been received by Social Security Administration and is complete and correct." (from Section 328)

- Manual: "The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Section 328 and Guideline Excerpt 1, Guideline Excerpt 5)

- Manual: "No medical information obtained by the Administration regarding any individual may be released to any person, except as follows: (1) with the express written consent of the individual;" (from Section 960, Guideline Excerpt 2)

- Manual: "for the purposes of this functions under this chapter; or" (from Section 726, Guideline Excerpt 3)
- Manual: "as required by order of a court;" (from Section 726, Guideline Excerpt 3)
- Manual: "as authorized by the Board, that person is guilty of a misdemeanor and is liable to imprisonment for a period of not exceeding twelve (12) months or a fine of not more than" (from Section 726, Guideline Excerpt 3)
- Guideline: "shall not release the information under any circumstances." (from Guideline Excerpt 1 and Guideline Excerpt 5)
- Guideline: "No medical information obtained by the Administration regarding any individual may be released to any person, except as follows: (1) with the express written consent of the individual;" (from Guideline Excerpt 2)
- Guideline: "The Division of Revenue and Taxation shall provide wage record information to the Social Security System for use in determining compliance with the provisions of this chapter." (from Guideline Excerpt 1 and Guideline Excerpt 5)

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

**\*\*NOT ADDRESSED:\*\*** The Operations Manual Chunk does not explicitly discuss employee offenses and penalties related to fraud, failure to report or pay, or false claims. While the manual mentions overpayments and underpayments of benefits (Section 327), it does not provide specific guidelines for penalizing employees who commit these offenses.

The Relevant Guidelines (Excerpts 1, 2, and 5) outline penalties for individuals or entities that knowingly submit false claims, fail to report or pay, or withhold information about employers, employees, or beneficiaries. However, the Operations Manual Chunk does not address these guidelines.

Therefore, it is essential to review other sections of the Operations Manual or related documents to ensure compliance with the Relevant Guidelines regarding employee offenses and penalties.

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

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

The Operations Manual Chunk explicitly discusses enforcement powers and sanctions for non-compliance beyond offenses. The manual outlines penalties for various violations, such as failure to report or pay contributions, knowingly making false statements or falsifying reports, and revealing medical information in violation of the guidelines (Section 327, Section 330).

**Explanation & Reasoning:**

The Operations Manual Chunk provides specific penalties for non-compliance with the Social Security System's regulations. These penalties include civil penalties, imprisonment, and fines, which align with the enforcement powers and sanctions outlined in the relevant guidelines (Guideline Excerpt 2, Guideline Excerpt 4).

**Verbatim Citations:**

- Manual: "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." (Section 327)
- Manual: "An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is, in addition," (Section 327)

- Manual: "A person who becomes eligible to receive the surviving spouse benefit after December 31, 2013 shall have his surviving spouse benefit reduced by one dollar (\$1) for every three dollars (\$3) of wages earned in a quarter in excess of three thousand dollars (\$3,000.00), unless the surviving spouse beneficiary was eligible for the surviving spouse benefit under Section 755 prior to August 2, 2007." (Section 330)
- Guideline: "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." (41 PNCA § 772)
- Guideline: "An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is, in addition," (41 PNCA § 772)

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

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

The Operations Manual Chunk (Section 326) explicitly addresses the succession and transfer of funds from a Medical Savings Account after death. The guideline excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 66) states that any remaining amount from the employee's share shall be transferred to a Medical Savings Account for the surviving spouse, children, parents, or other designated beneficiaries in equal shares if none of the preceding subsections apply, which aligns with the manual chunk's provisions.

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

The Operations Manual Chunk (Section 326) outlines the distribution of a lump sum benefit equal to six percent (6%) of the deceased employee contributor's cumulative covered earnings, less any benefits received by the employee. This lump sum benefit is paid to the spouse, children, guardian or trustee for the children, parents, legal representative, or persons entitled under the laws and customs of the last domicile of the deceased. The manual chunk specifies that this distribution should occur in equal shares when applicable, which aligns with the guideline excerpt 2's requirement for transferring any remaining amount to a Medical Savings Account for the surviving spouse, children, parents, or other designated beneficiaries in equal shares if none of the preceding subsections apply.

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

Manual: "To the spouse; or If there is no surviving spouse, to the children, or to any guardian or trustee for the children, in equal shares;" (from Section 326)

Guideline: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for: (1) The surviving spouse; or (2) If there is no surviving spouse, to the children, in equal shares;" (from Guideline Excerpt 2)

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk explicitly addresses the aspect of "The keeping of accounts and reports" by discussing various provisions related to benefits, including lump sum benefits, over and under payment, retroactive payment, payment to non-citizens, and earnings test. However, it is important to note that the manual does not directly discuss the specific guidelines regarding the appointment of an independent auditor or the maintenance of employment records as stated in Guidelines Excerpt 2, 3, and 4.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides details about the distribution and

calculation of benefits, which indirectly implies the need for maintaining accounts and reports related to these transactions. However, it does not explicitly discuss the appointment of an independent auditor or the maintenance of employment records as required by Guidelines Excerpt 2, 3, and 4.

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

- Manual: "If after an employee contributor dies..." (from Section 326)
- Manual: "Any over or under payment of benefits shall be deducted from or added to any subsequent payment of benefit" (from Section 327)
- Manual: "In the event that a person is eligible for benefits but does not apply for those benefits..." (from Section 328)
- Manual: "No more than six (6) months of benefits payments shall be paid to any beneficiary who is not a citizen or national of the Republic of Palau while the beneficiary is residing outside of the Republic" (from Section 329)
- Manual: "The "earnings test" means a test to determine whether the person who is receiving the benefit is retired or otherwise dependent on the Social Security benefit" (from Section 330)
- 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)
- 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." (from Guideline Excerpt 2)
- Guideline: "The Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter." (from Guideline Excerpt 3)
- Guideline: "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 Guideline Excerpt 4)