

Compliance Analysis for: section 707-711.docx

****Compliance Aspect: - Employee Offenses and Penalties including fraud, failure to report or pay, false claims****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the guideline aspect of "Employee Offenses and Penalties including fraud, failure to report or pay, false claims". The manual outlines penalties for various offenses such as late filing, underpayment, knowingly making false statements, and falsifying records (Manual: "A one (1) penalty of \$2000 will be applicable for any employer who fails to report or remit contributions and /or knowingly makes a false statement or falsifies any records in an attempt to defraud or circumvent the SSA Law. This penalty will apply for each such offence made by the employer.").

The penalties outlined in the manual align with the guidelines provided, which state that an employer who knowingly fails to report or 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 (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.").

The manual also mentions penalties for false claims, which aligns with the guidelines that state an individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses shall, upon conviction, be guilty of a felony (Guideline: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses shall, upon conviction, be guilty of a felony").

Therefore, the Operations Manual Chunk is compliant 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 outlines various penalties and sanctions for non-compliance, which aligns with the Relevant Guidelines. The manual details penalties such as fines, interest charges, and potential imprisonment for certain offenses (Manual: "A penalty shall be assessed to each employer who does not file the Quarterly Report within the one-month filing period...", from Section 707). This is consistent with Guideline Excerpt 3, which states that an employer who fails to report or pay contributions may be liable for a civil penalty of up to 100% of the amount of any contributions withheld or \$250, whichever is greater (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...").

Moreover, the manual also discusses penalties for knowingly making false statements or falsifying records in an attempt to defraud or circumvent the SSA Law (Manual: "A one (1) penalty of \$2000 will be applicable for any employer who fails to report or remit contributions and /or knowingly makes a false statement or falsifies any

records in an attempt to defraud or circumvent the SSA Law. This penalty will apply for each such offence made by the employer.", from Section 707). This is also consistent with Guideline Excerpt 3, which mentions that 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 liable for additional penalties (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...").

The manual also provides a process for requesting penalty waivers under certain circumstances (Manual: "The employer must submit a written request to the Social Security Administrator and the Board of Directors requesting a penalty waiver...", from Section 708), which is consistent with Guideline Excerpt 2, which states that information about an employer can be disclosed for the purposes of this function under the chapter, including as required by order of a court or as authorized by the Board (Guideline: "as authorized by the Board...").

In summary, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses), as it outlines various penalties and provides a process for requesting penalty waivers.

****Compliance Aspect: - The keeping of accounts and reports (specifically related to penalties and collections)****
****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "The keeping of accounts and reports specifically related to penalties and collections" by providing detailed guidelines on how penalties are assessed, waiver requests are handled, and collection reports are prepared (Section 707-711). This includes information about the nature of penalties, their calculation, and the process for penalty waivers.

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

The manual outlines the procedures for assessing penalties (Section 707), the conditions under which a penalty waiver may be granted (Section 708), the preparation of collection reports (Section 709), and the terms of payment agreements (Section 710). These sections provide specific, detailed instructions on how accounts and reports related to penalties and collections are kept.

****Verbatim Citations:****

- Manual: "A collection report shall be completed when interest and penalties are assessed." (from Section 709)
- Manual: "The Administrator, when appropriate, may enter into a Payment Agreement with any debtor of the Administration." (from Section 710)
- Guideline: "contributions, interest, or penalty due under this chapter is referred to an attorney for collection, whether or not suit is brought for the collection thereof, the employer shall additionally be liable for reasonable attorney's fees and costs of collection, including court costs." (from 41 PNCA 2025.pdf, Page: 41)
- Guideline: "The Administration shall maintain accounts and records in accordance with prevailing, generally accepted accounting principles as promulgated by the United States" (from 41 PNCA 2025.pdf, Page: 63)