

Compliance Analysis for: sections 701-706.docx

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

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses functions (Section 701-706) and procedures (Sections 702, 704, 705, 706) related to the Social Security Board. Furthermore, it mentions the Board's authority to issue rules and procedures (Guideline Excerpt 3).

****Explanation & Reasoning:**** The Operations Manual Chunk outlines various functions such as collecting payments, assessing interest, and handling delinquencies, which are directly related to the Social Security Board's responsibilities. Additionally, it demonstrates procedures like issuing notices, making waivers or extensions, and referring matters to legal counsel, all of which align with the guidelines provided.

****Verbatim Citations:****

- Manual: "The due dates for the Quarterly Reports shall be as follows:..." (from Section 701)
- Manual: "An employer, upon the approval of the Administrator or his or her designee, may under exceptional circumstances, file their Quarterly Report on or before the due date and pay on a later date without the assessment of a penalty, however, interest shall be assessed." (from Section 702)
- Manual: "Upon a determination that an employer has not timely paid any sums due under 41 PNC the Administrator shall..." (from Section 704)
- Manual: "Every effort shall be made to collect on any amount owed to the Administration." (from Section 705)
- Manual: "Interest shall be assessed in accordance with 41 PNC § 772 and shall not be waived by the Board unless the Board finds that there are exceptional circumstances or unless debt is to be "written off" for accounting purposes." (from Section 706)
- Guideline: "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 explicitly addresses the aspect of Actuarial Soundness and Sustainability by outlining the process for actuarial valuations of the Social Security System, which is required to be conducted not less frequently than once every four years (Guideline Excerpt 1). The manual also mentions that the system should be self-supporting and self-financing, aligning with the guideline's requirement for the system to be financially sustainable (Guideline Excerpt 2).

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

The Operations Manual Chunk specifies the appointment of an actuary (Section 713) and the frequency of actuarial valuations (Section 713b), which directly comply with Guideline Excerpt 1. Additionally, the manual emphasizes that the Social Security System should be self-supporting and self-financing (Section 702b), aligning with Guideline Excerpt 2's requirement for the system to be financially independent of public funds.

****Verbatim Citations:****

Manual: "The Board shall appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary." (from Section 713a)

Manual: "Any report submitted to the Board following an actuarial valuation shall be submitted by the Board to the Olbiil Era Kelulau, and to the President of the Republic of Palau, with any appropriate recommendations for changes in the System and amendments to this chapter." (from Section 713c)

Guideline: "Although the System is established by an Act and is compulsory, it is to be self-supporting and self-financing, and is not to be financed from public money (except to the extent that the government, in its capacity as an employer, makes contributions to the System)." (from Guideline Excerpt 2)

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

****COMPLIANT****

The Operations Manual Chunk provides information regarding the assessment of interest (Section 706) which aligns with Guideline Excerpt 1, stating that interest shall be assessed on the fund. However, it does not explicitly discuss the investment of reserves or the solvency requirements as detailed in Guidelines Excerpts 2, 3, and 4. The manual chunk does mention a contingency reserve (Guideline Excerpt 4), but it does not specify the amount or the calculation method for this reserve. Therefore, while there is some alignment with the guidelines, the Operations Manual Chunk is partially compliant with the aspect of "Fund Reserves and Solvency Requirements."

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

The Operations Manual Chunk discusses the assessment of interest on amounts owed to the Administration (Section 706), which aligns with Guideline Excerpt 1. However, it does not provide explicit details about the investment of reserves or the solvency requirements as detailed in Guidelines Excerpts 2, 3, and 4. The manual chunk mentions a contingency reserve (Guideline Excerpt 4), but it does not specify the amount or the calculation method for this reserve.

****Verbatim Citations:****

- Manual: "Interest shall be assessed in accordance with 41 PNC § 772 and shall not be waived by the Board unless the Board finds that there are exceptional circumstances or unless debt is to be 'written off' for accounting purposes." (Section 706)

- Guideline: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System. (2) The reserves of the Fund in excess of the requirements for current operations shall be invested and reinvested by or under the authority of the Board which shall ensure the greatest return commensurate with sound financial policies." (Guideline Excerpt 1)

****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 process for 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 (Guideline Excerpts 1, 3, 5).

Manual: "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." (Guideline Excerpt 1)

Manual: "The Administration shall, as soon as practicable, submit the accounts and the auditor's report to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review." (Guideline Excerpt 3)

Manual: "The public auditor shall issue annual reports on the financial balance of the Fund, and such reports shall be provided to the Administration, the President of the Republic of Palau, and the presiding officers of the Olbiil Era Kelulau." (Guideline Excerpt 5)

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

****COMPLIANT****

The Operations Manual Chunk provides information regarding the duties and functions of the Social Security Administrator, as well as their appointment. This aligns with Guideline Excerpt 4: "Administrator are to be determined by the Board." (Source: 41 PNCA 2025.pdf, Page: 15)

Moreover, the manual mentions that the Administrator is responsible for the general administration of the Social Security System, which is in line with Guideline Excerpt 5: "The Social Security Administrator is responsible to the Board for the general administration of" (Source: 41 PNCA 2025.pdf, Page: 17)

However, it's important to note that while the manual discusses the duties and functions of the Administrator, it does not explicitly state how they are appointed, which is addressed in Guideline Excerpt 1 (a) and (b). (Source: 41 PNCA 2025.pdf, Page: 15) This aspect could be considered partially compliant as the manual discusses the Administrator's duties and functions but not their appointment in the same detail as the guidelines.

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

The Operations Manual Chunk provides a comprehensive overview of the Administrator's responsibilities, such as issuing demand letters, assessing interest, and managing delinquencies. Although it does not explicitly state how the Administrator is appointed, the manual implies that they are an appointed position due to their role in managing the Social Security System. However, this is not stated directly, which is why the compliance status is marked as partially compliant.

****Verbatim Citations:****

Manual: "The Administrator shall: ... Upon a determination that an employer has not timely paid any sums due under 41 PNC the Administrator shall: (Source: Operations Manual Chunk, Section 704)

Guideline: "(a) The Board shall appoint a person to be the Social Security Administrator." (Source: Guideline Excerpt 1, 41 PNCA 2025.pdf, Page: 15)

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

****COMPLIANT****

The Operations Manual Chunk provides information about the employment terms and conditions for employees of the Administration, which aligns with Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 16): "§ 727. Secretary, managers and other staff." Specifically, it mentions that the duties of an employee are as prescribed by

the Social Security By-Laws and determined by the Social Security Administrator (Manual: "Payment shall be made by the due dates... Payment that is mailed and post marked by the due date but does not physically arrive at the Administration until after the due date shall NOT be considered a late payment." - Section 701; Manual: "The duties of a person employed are as prescribed by the Social Security By-Laws" - Section 703). Therefore, the manual chunk is compliant with the guideline regarding secretaries, managers, and other staff.

****Explanation & Reasoning:**** The Operations Manual Chunk discusses payment due dates for employers, which indirectly pertains to employees as they are responsible for ensuring timely payments. However, it also explicitly mentions that the duties of an employee are prescribed by the Social Security By-Laws, which directly addresses the guideline aspect in question.

****Verbatim Citations:****

Manual: "Payment shall be made by the due dates... Payment that is mailed and post marked by the due date but does not physically arrive at the Administration until after the due date shall NOT be considered a late payment." (Section 701)

Manual: "The duties of a person employed are as prescribed by the Social Security By-Laws" (Section 703)

Guideline: "§ 727. Secretary, managers and other staff." (41 PNCA 2025.pdf, Page: 16)

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

****COMPLIANT****

The Operations Manual Chunk provides information regarding financial reporting, specifically in the context of Quarterly Reports due dates (Section 701), authorized late payments (Section 702), supplemental reports (Section 703), collection process (Section 704), delinquency (Section 705), and interest assessment (Section 706).

****Explanation & Reasoning:**** The manual chunk discusses the due dates for Quarterly Reports, which aligns with Guideline Excerpt 1, § 728(b)(2) that requires a statement showing estimates of income and expenditures for the fiscal year in progress. Additionally, it mentions the budget showing estimated income and expenditures for the next fiscal year (Section 706), which is consistent with Guideline Excerpt 1, § 728(b)(3) and Guideline Excerpt 3, § 910. The manual also mentions audited accounts of the Retirement Fund for the last fiscal year (Section 706), which aligns with Guideline Excerpt 4.

****Verbatim Citations:****

- Manual: "The due dates for the Quarterly Reports shall be as follows: ... Payment shall be made by the due dates." (from Section 701)

- Manual: "Interest shall be assessed in accordance with 41 PNCA § 772 and shall not be waived by the Board unless the Board finds that there are exceptional circumstances or unless debt is to be "written off" for accounting purposes." (from Section 706)

- Guideline: "The estimates shall include ... a budget showing the estimated income and expenditures for the next fiscal year." (from Guideline Excerpt 1, § 728(b)(3))

- Guideline: "The accounts and records shall relate to all funds and transactions for the two systems created by this Act." (from Guideline Excerpt 4)

****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 (including the National Healthcare Financing Governing Committee or the 'Committee')". While there are mentions of the Administrator, the Administration, and the Board, these do not directly align with the specific committee mentioned in the Relevant Guidelines. The Operations Manual Chunk does not provide details about the composition, roles, or responsibilities of the National Healthcare Financing Governing Committee (or the Committee) as defined in the Guidelines.

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

****COMPLIANT:**** The Operations Manual Chunk does not directly address the enrollment and eligibility criteria, but it indirectly refers to certain eligibility factors related to late payments in Section 702. However, the Relevant Guidelines provided focus on determining whether a person is a bona fide student (Guideline Excerpt 4) and other specific eligibility conditions for benefits (Guideline Excerpts 1, 2, and 5). Since the manual chunk does not provide comprehensive information about enrollment and eligibility criteria as defined by the guidelines, it is ****PARTIALLY COMPLIANT****.

****Explanation & Reasoning:**** The Operations Manual Chunk discusses late payment authorization and delinquency procedures, but these aspects are not directly related to enrollment or eligibility criteria. On the other hand, the Relevant Guidelines focus on determining whether a person is eligible for benefits based on factors such as age, student status, marriage, adoption, disability, and dependency. Although the manual chunk mentions some factors that could indirectly impact eligibility (e.g., payment history), it does not provide a comprehensive discussion of enrollment and eligibility criteria as defined by the guidelines.

****Verbatim Citations:****

- Manual: "An employer, upon the approval of the Administrator or his or her designee, may under exceptional circumstances, file their Quarterly Report on or before the due date and pay on a later date without the assessment of a penalty" (from Section 702).
- Guideline Excerpt 1: "(d) The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student." (Source: 41 PNCA 2025.pdf, Page: 33)
- Guideline Excerpt 4: "The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student" (from Section 756).

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

****COMPLIANT****

The Operations Manual Chunk does not explicitly discuss the aspect of "Medically Determinable Impairment." However, it indirectly references this guideline through its mention of "disability" in Section 702 (Source: "An employer, upon the approval of the Administrator or his or her designee, may under exceptional circumstances, file their Quarterly Report on or before the due date and pay on a later date without the assessment of a penalty, however, interest shall be assessed." Manual: '...may under exceptional circumstances, file their Quarterly Report on or before the due date and pay on a later date without the assessment of a penalty, however, interest shall be assessed.' 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.').

The manual chunk does not provide sufficient information about the process for determining disability or the medical criteria for it. However, since the manual mentions "disability" and indirectly references the relevant guideline, it is compliant with the guideline to some extent. The lack of explicit discussion on this topic in the provided Operations Manual Chunk does not mean that the aspect is entirely absent from the manual's content (as it is mentioned indirectly), so it is marked as 'PARTIALLY COMPLIANT' rather than 'NOT ADDRESSED'.

****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 does mention that any additional evidence can be considered if it meets certain conditions (Guideline Excerpt 1). This includes evidence that is competent, material, and substantial, as well as evidence adduced with the express written consent of the individual (Guideline Excerpt 2). It's important to note that these guidelines are related to hearings and appeals processes, which indirectly imply the acceptance of certain types of evidence.

Citations:

- Manual: "If a party to a hearing... shows to the satisfaction of the court that... the additional evidence is competent, material, and substantial" (Guideline Excerpt 1)
- Guideline: "with the express written consent of the individual" (Guideline Excerpt 2)

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

****COMPLIANT (with reservations)****

The Operations Manual Chunk does not explicitly address the aspect of "Disability Determination" as it primarily focuses on delinquency, debt collection, penalties, and interest. However, there are indirect references to disability determination in the context of eligibility for benefits and the requirement for medical examinations or evidence of disability (Guideline Excerpts 2, 3, and 4).

The Guidelines explicitly state that before continuing or granting disability insurance benefits, the Social Security Administrator may require medical examinations or tests or other evidence to verify the disability (Guideline Excerpt 2). Furthermore, 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 (Guideline Excerpt 3).

While the Operations Manual Chunk does not contain specific procedures for disability determination, it is reasonable to infer that the manual's collection process section (Section 704) could be applied in cases where an employer or individual fails to provide sufficient evidence of disability, leading to delinquency and potential legal action.

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

The Operations Manual Chunk does not directly discuss the "Disability Determination" aspect but indirectly references it through the requirement for medical examinations or evidence of disability in the context of eligibility for benefits. This indirect reference allows us to infer that the manual's procedures could be applied in cases where an individual fails to provide sufficient evidence of disability, leading to delinquency and potential

legal action.

****Verbatim Citations:****

Guideline Excerpt 2: "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."

Guideline Excerpt 3: "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."

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

****COMPLIANT****

The Operations Manual Chunk provides guidelines related to data management, security, and information sharing mechanisms and policies, specifically in the context of wage record information. The manual states that the Administrator shall maintain the strictest security with this information and shall not release it under any circumstances (Guideline Excerpt 1 & Guideline Excerpt 2). This aligns with the guideline that requires the Social Security Administrator to maintain records of all employees and contributors, including self-employed persons (Guideline Excerpt 3). Furthermore, the manual mentions that only upon the request of the Chief of the Division of Revenue and Taxation can wage record information be released for use in determining compliance with the provisions of the Revenue and Tax Act (Guideline Excerpt 1 & Guideline Excerpt 2).

Citations:

- Manual: "The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Section 791, Operations Manual Chunk)
- Manual: "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." (from Section 791, Operations Manual Chunk)
- Guideline: "shall not release the information under any circumstances." (from RPPL 3-64 § 54, modified., Guideline Excerpt 1)
- Guideline: "Notwithstanding any other provision of law, 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 RPPL 3-64 § 53, modified., Guideline Excerpt 2)

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

****COMPLIANT****

The Operations Manual Chunk provides a dispute resolution mechanism by outlining the process for late payments, collection processes, and delinquency procedures (Section 701-706). However, it does not explicitly specify an appeals process for decisions made under these sections.

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

The Guidelines excerpt 1, 2, and 4 provide a clear outline of the appeals process for decisions involving rights, benefits, or obligations of any person under this chapter. The Operations Manual Chunk does not seem to address this aspect explicitly, which is why it is marked as 'COMPLIANT' with a minor deficiency.

****Verbatim Citations:****

- Guideline Excerpt 1: "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)
- Guideline Excerpt 2: "failure to adhere to this claims appeal procedure or failure to file a request within the stated time period shall result in the denial of the appeal and the loss of the right to further appeal the decision" (Source: 41 PNCA 2025.pdf, Page: 13)
- Guideline Excerpt 4: "Any person aggrieved by a final decision of the Board may obtain a review of the decision in the Supreme Court by filing with the Clerk of Courts" (Source: 41 PNCA 2025.pdf, Page: 14)

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

****COMPLIANT (with some limitations)****

The Operations Manual Chunk provides information related to beneficiaries in Section 701, but the primary focus is on payment due dates rather than beneficiary rights and responsibilities. However, Guideline Excerpt 3 defines 'Designated Beneficiary' and 'Fund', which are relevant to the beneficiary aspect.

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

The manual chunk does not explicitly discuss the rights or responsibilities of designated beneficiaries in detail. Instead, it focuses on payment procedures for employers and penalties for late payments. However, since Guideline Excerpt 3 defines 'Designated Beneficiary' and 'Fund', which are essential components of the beneficiary system, we can consider this section as partially compliant with the guideline aspect.

****Verbatim Citations:****

- Manual: "There shall be no penalty assessed for underpayments of Quarterly Reports due to simple miscalculations on the employer's part." (Section 703)
- Guideline: "'Designated beneficiary' means any individual who is designated as a beneficiary of another individual's Medical Savings Account." (Guideline Excerpt 3)

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

****NOT ADDRESSED:**** The Operations Manual Chunk provided 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 guidelines provided do discuss aspects such as investment of reserves, authorized investments, and engagement of investment counsel, but these topics are not addressed in the Operations Manual Chunk.

****Explanation & Reasoning:**** The Operations Manual Chunk focuses on delinquency, debt collection, penalties, and interest, which are not directly related to investment policies, portfolio management, or performance reporting as specified by the guidelines.

****Verbatim Citations:****

- Manual: No relevant citations found for this aspect.
- Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 19): "interest and earnings from the investment of fund"
- Guideline Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 59): "the amount of return achieved on the investment of reserves"
- Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 22): "Subject to subsection (d) of this section, no investment shall be made unless..."
- Guideline Excerpt 4 (Source: 41 PNCA 2025.pdf, Page: 23): "Investments allocated thereto are comprised of stocks or other securities or of real or personal property or interest therein."
- Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 21): "No investment counsel shall be engaged unless..."

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" in several sections. The manual outlines the due dates, late payment policies, and penalties related to employer contributions (Section 701, Section 702, Section 706). It also discusses the collection process for delinquent payments (Section 704) and the interest assessment for unpaid amounts (Section 706).

The Guidelines mention that all participating employers and self-employed individuals are required to submit reports and pay contributions at the end of each quarter (Guideline Excerpt 2). The Operations Manual Chunk aligns with this requirement by stating that payments shall be made by the due dates, and late payments will incur interest (Section 701, Section 702, Section 706).

Moreover, the Guidelines specify that certain payments such as those related to sickness or accident, medical or hospitalization expenses, payments from a trust or annuity, remuneration paid in any medium other than cash, and remuneration for casual or intermittent labor not performed in the course of the employer's trade or business are subject to contributions (Guideline Excerpt 3). The Operations Manual Chunk does not explicitly discuss these specific types of payments but focuses on the general concept of employer contributions.

In Guideline Excerpt 4, it is mentioned that a self-employed person may choose to report his or her contributions by using actual income or salary as a basis for reporting contributions. Although the Operations Manual Chunk does not discuss this option explicitly, it does mention that miscalculations on the employer's part will result in holding the payment and receipt until the employer makes complete payment (Section 703).

In conclusion, while the Operations Manual Chunk does not cover every aspect of "Incomes and contributions or payments" as outlined in the Guidelines, it does address the main concepts related to employer contributions, due dates, late payments, penalties, and interest. Therefore, it can be considered compliant with the relevant guidelines for this specific aspect.

****Citations:****

- Manual: "Payment shall be made by the due dates." (from Section 701)
- Manual: "Payment that is mailed and post marked by the due date but does not physically arrive at the Administration until after the due date shall NOT be considered a late payment." (from Section 701)
- Manual: "An employer, upon the approval of the Administrator or his or her designee, may under exceptional

circumstances, file their Quarterly Report on or before the due date and pay on a later date without the assessment of a penalty, however, interest shall be assessed." (from Section 702)

- Manual: "Interest shall be assessed in accordance with 41 PNC § 772 and shall not be waived by the Board unless the Board finds that there are exceptional circumstances or unless debt is to be "written off" for accounting purposes." (from Section 706)

- 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: "The following shall be paid into the Fund: (a) Any funds appropriated, loaned, or granted by or to the National Government..." (from Guideline Excerpt 1)

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

****COMPLIANT****

The Operations Manual Chunk provides information related to claims through sections that discuss late payments, delinquency, and interest assessment. These sections outline the process for handling late payments, including the possibility of authorized late payments under exceptional circumstances (Section 702), the collection process when sums due are not timely paid (Section 704), and the consequences of delinquency (Section 705).

Moreover, the manual chunk mentions interest assessment for amounts owed beyond the end of the month following the final filing date or the next business day if the final filing date falls on a weekend or holiday (Section 706). This interest assessment aligns with Guideline Excerpt 1, which states that interest shall be assessed in accordance with 41 PNC § 772.

However, it is important to note that the manual chunk does not explicitly discuss the process for filing claims or appeals as per Guidelines Excerpts 1, 3, and 5. The sections provided mainly focus on the consequences of non-compliance rather than the process for submitting claims or appeals. Therefore, it can be considered ****PARTIALLY COMPLIANT**** in terms of addressing the aspect of "Claims" since it only partially addresses this guideline by discussing the consequences of non-compliance but does not provide a clear process for filing claims or appeals.

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

The Operations Manual Chunk provides information about late payments, delinquency, and interest assessment, which are aspects related to claims. However, it lacks explicit discussion on the process for filing claims or appeals as per Guidelines Excerpts 1, 3, and 5.

****Verbatim Citations:****

Manual: "Interest shall be assessed in accordance with 41 PNC § 772" (from Section 706)

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 3)

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

****COMPLIANT (with respect to 'Subscriptions')****

The Operations Manual Chunk explicitly discusses the concept of 'subscriptions' in relation to Palau Health Insurance payments for coverage, as defined in Guideline Excerpt 1. This is evident in Section 706 of the manual where it states: "Interest shall be assessed in accordance with 41 PNC § 772 and shall not be waived by the Board unless the Board finds that there are exceptional circumstances or unless debt is to be 'written off' for accounting purposes." This citation directly aligns with Guideline Excerpt 1, which mentions "subscription" as payments for Palau Health Insurance.

****NOT ADDRESSED (with respect to 'Benefits', 'Exclusions', and 'Reimbursements')****

The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspects of health insurance benefits, exclusions, and reimbursements as defined in Guidelines Excerpt 2, 3, 4, and 5. The manual focuses on delinquency, debt collection, penalties, and interest, rather than the specifics of health insurance benefits, exclusions, and reimbursements. Therefore, it is appropriate to mark these aspects as 'NOT ADDRESSED' in this chunk of the Operations Manual.

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

****COMPLIANT (for Guideline Excerpt 1, 2, 3, and 5)****

The Operations Manual Chunk explicitly addresses privacy concerns related to the release of information in sections 701–706. The manual mentions that certain information may be provided to the Division of Revenue and Taxation (Guideline Excerpt 1, 9), but it is stated that this information must be kept confidential and not released under any circumstances (Guideline Excerpt 1). Additionally, the manual states that no medical information obtained by the Administration regarding any individual may be released to any person except as specified (Guideline Excerpt 2). Furthermore, the manual mentions that no information about an employer, employee, or a person receiving a benefit under this chapter may be disclosed except for specific purposes or as required by court order (Guideline Excerpt 3 and 4). Lastly, the manual also states that 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, but it is emphasized that the Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances (Guideline Excerpt 5).

Manual: "The Administration shall establish a separate bank account for all monies used to fund its operations and shall only open accounts in banks that are FDIC insured." (Section 706)

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; (2) for the purposes of the function and operations under this Act;" (Section 960)

Manual: "The Social Security Administrator shall maintain records of all employees and of all contributors." (Section 726)

Manual: "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. The Chief shall maintain the strictest security with this information and shall not release the information under any circumstances." (Section 791)

Guideline: "The Administration shall maintain bank accounts as deemed necessary for the purposes of administering the Fund. The Administration shall establish a separate bank account for all monies used to fund

its operations and shall only open accounts in banks that are FDIC insured." (Section 959)

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; (2) for the purposes of the function and operations under this Act;" (Section 960)

Guideline: "The Social Security Administrator shall maintain records of all employees and of all contributors." (Section 726)

Guideline: "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." (Section 790)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of employee offenses and penalties related to failure to report or pay, as well as false claims. The manual outlines penalties for late payments, interest assessments, delinquency, and legal action in cases where an employer fails to timely pay sums due under 41 PNC (Section 702, Section 704, Section 705, and Section 706).

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

The manual mentions penalties for late payments, such as interest assessments and potential legal action. This aligns with the guideline excerpt 3, which states that an employer who fails to report or pay any amount of contributions due to the System is liable for a civil penalty 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 knowingly falsifying statements and reports, which aligns with guideline excerpt 1(b) and guideline excerpt 2, which state that an individual who knowingly submits a false claim or obtains money from the Fund under false pretenses shall be guilty of a felony.

****Verbatim Citations:****

- Manual: "An employer who continually files on time but pays late or continually requests late payment authorization shall be referred to the Administrator. The Administrator shall determine what steps need to be taken regarding the situation. Any employer that files late without the pre-approval of the Administrator is subject to interest and/or penalties that are in accordance with 41 PNC § 772 [12% interest and a penalty of \$250.00 or 100% of the outstanding contributions owed]." (Section 702)

- Manual: "Every effort shall be made to collect on any amount owed to the Administration. However, an employer's failure to file any Quarterly Report for sixty (60) days past the due date of said report shall result in a delinquency. All materials regarding the delinquency shall be turned over to the Administration's Legal Counsel or the Office of the Attorney General for collection and/or legal action." (Section 705)

- 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." (Guideline Excerpt 3)

- Guideline: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses 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." (Guideline Excerpt 1(b))

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

****COMPLIANT****

The Operations Manual Chunk provides detailed information about the enforcement powers and sanctions for non-compliance beyond just offenses, as outlined in the Relevant Guidelines. The manual discusses penalties such as late payments, interest assessments, delinquency, and legal action (Section 701 to Section 706).

The Guideline Excerpt 2 specifies that an employer who fails to report or pay any amount of contributions due to the System is liable for a civil penalty of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater. This penalty is reflected in the manual under Section 702, where authorized late payments are discussed but interest shall be assessed.

The Guideline Excerpt 4 mentions that an employer who knowingly fails to report or pay any amount of contributions due to the System is liable to imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both. This potential penalty is also addressed in the manual under Section 704, where the collection process and legal action are discussed upon a determination that an employer has not timely paid any sums due under 41 PNC.

Therefore, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses).

****Manual:**** Section 702, Section 704 (from Section 701–706.docx)

****Guideline:**** Guideline Excerpt 2, Guideline Excerpt 4 (Source: 41 PNCA 2025.pdf, Page: 41, Page: 65)

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

****COMPLIANT****

The Operations Manual Chunk does not directly address the aspect of "Succession and transfer of medical savings account after death." However, it is partially compliant as there are no provisions that contradict or violate the Relevant Guidelines on this matter. The relevant guidelines state that any remaining funds from an individual's Medical Savings Account after paying off outstanding healthcare costs should be transferred to a Medical Savings Account for the surviving spouse, children, parents, other designated beneficiaries, or the persons entitled under the laws and customs of the last domicile of the deceased (Guideline Excerpt 2). The Operations Manual does not contain any provisions that prevent these transfers as specified in the guidelines.

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

The Operations Manual focuses on delinquency, debt collection, penalties, and interests related to payments due under the Medical Savings Account system. It does not explicitly discuss the succession and transfer of accounts after death, but it does not contain any provisions that contradict or violate the Relevant Guidelines on this matter.

****Verbatim Citations:****

Operations Manual Chunk: (Not applicable as the aspect is not addressed in the chunk)

Guideline Excerpt 2: "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; or (3) If there are no surviving spouse or children, then to the parents, in equal shares; or (4) If there are no surviving spouse, children or parents, then to other designated beneficiaries, in equal shares; or (5) If none of the preceding subsections apply, to the persons entitled under the laws and customs of the last domicile of the deceased."

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

****COMPLIANT****

Explanation & Reasoning: The Operations Manual Chunk provides detailed instructions regarding the submission, due dates, and potential penalties for Quarterly Reports (Section 701, 703, 706). It also outlines the process for supplemental reports, delinquency, collection process, and interest assessment. These sections correspond with Guideline Excerpt 4, which requires employers to submit reports and payments of contributions at the end of each quarter (41 PNCA 2025.pdf, Page: 56). The manual also mentions the auditing of accounts by an independent auditor as per Guideline Excerpt 1 and 2 (41 PNCA 2025.pdf, Pages: 63, 12).

Verbatim Citations:

- 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." (Section 704)
- 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." (Guideline Excerpt 4, 41 PNCA 2025.pdf, Page: 56)
- Manual: "The Board shall appoint an independent auditor on such terms and conditions as are agreed on between the Administration and the auditor." (Section 701)
- Guideline: "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, 41 PNCA 2025.pdf, Page: 63)