

Compliance Analysis for: sections 701–706.docx

****Compliance Aspect: 1. 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, by outlining penalties for such actions. The manual discusses late payment penalties, interest assessments, delinquency, and legal action for non-compliance (Section 702, 704, 705, 706).

Guideline Excerpt 2 states that an employer who 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. The Operations Manual Chunk aligns with this guideline by stating that an employer who continually 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).

Guideline Excerpt 5 states that an employer who knowingly fails to report or pay any amount of contributions due to the Fund shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both. The Operations Manual Chunk aligns with this guideline by stating that an employer who continually files late without the pre-approval of the Administrator is subject to interest and/or penalties (Section 702).

Therefore, the Operations Manual Chunk is compliant with the relevant guidelines regarding employee offenses and penalties related to failure to report or pay, as well as false claims.

****Manual:**** "An employer who continually 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)

****Guideline:**** "An employer who knowingly fails to report or pay any amount of contributions due to the Fund shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both" (Guideline Excerpt 5)

****Compliance Aspect: 2. Incomes and contributions or payments****
****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "2. Incomes and contributions or payments" by outlining various rules related to employer contributions, employee contributions, and penalties for late payments. This includes provisions for Quarterly Reports (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 provides detailed instructions on how contributions should be reported and paid, including the due dates for Quarterly Reports (Section 701) and the definition of payment (Section 701). It also outlines circumstances under which late payments may be authorized (Section 702), the process for handling miscalculations or errors in Quarterly Reports (Section 703), the collection process when payments are not made on time (Section 704), and the assessment of interest for delinquent payments (Section 706).

****Verbatim Citations:****

- Manual: "Payment shall be defined as the payment in cash or cash equivalent, in full, made to the Administration by the due date." (from Section 701)
- Manual: "Interest shall be assessed at an annual rate of twelve percent (12%) for any amount of tax due 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." (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, Page 56)

****Compliance Aspect: 3. Claims****

****COMPLIANT (with some exceptions)****

The Operations Manual Chunk provides a process for appealing decisions made by the Administration, which aligns with Guideline Excerpt 4 and Guideline Excerpt 5. Specifically, it outlines the steps an aggrieved person can take to request reconsideration of a decision within 30 days (Section 706). However, it does not explicitly mention the provision for additional documentary evidence that could support a reversal of the original or reconsidered decision, as stated in Guideline Excerpt 1.

Moreover, while the manual discusses the appeals process for decisions related to rights, benefits, or obligations under this chapter (Section 706), it does not seem to address claims that are not directly related to these aspects, such as those mentioned in Guideline Excerpt 2 and Guideline Excerpt 6.

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

The Operations Manual Chunk provides a process for appealing decisions made by the Administration, which aligns with Guidelines 4 and 5 regarding the appeals procedure. However, it does not explicitly mention the provision for additional documentary evidence that could support a reversal of the original or reconsidered decision, as stated in Guideline 1. Furthermore, while the manual discusses the appeals process for decisions related to rights, benefits, or obligations under this chapter (Section 706), it does not seem to address claims that are not directly related to these aspects, such as those mentioned in Guidelines 2 and 6.

****Verbatim Citations:****

- Manual: "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" (Section 706).
- Manual: "for the purpose of determining any question involving any right, benefit or obligation of any person

under this chapter" (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: 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" (Guideline Excerpt 4).

- Guideline: "additional documentary evidence which would support a reversal of the original decision; if the original decision is upheld by the Administration, then, within 30 days of receipt of the reconsidered decision, the aggrieved person may file a request for a hearing before the Board and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the reconsidered decision by the Administration" (Guideline Excerpt 1).

****Compliance Aspect: 4. The keeping of accounts and reports (specifically Quarterly Reports)****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "4. The keeping of accounts and reports (specifically Quarterly Reports)" by outlining the due dates for Quarterly Reports, the process for authorized late payments, supplemental reports, collection process, delinquency, and interest assessment.

Explanation & Reasoning:

The manual provides specific details about the submission, payment, and potential penalties or interest associated with Quarterly Reports (Guideline Excerpt 2). It also mentions the auditing process of accounts by an independent auditor within 90 days after the end of each fiscal year (Guideline Excerpt 4), which aligns with the requirement for maintaining accurate records. The manual's sections on late payments, delinquency, and interest assessment further demonstrate its compliance with the guidelines regarding reporting (Guideline Excerpts 1, 3, 5, and 6).

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 702)

- 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 2)

****Compliance Aspect: 5. Enforcement Powers and Sanctions for Non-Compliance (specifically penalties and interest for late payments)****

****COMPLIANT****

The Operations Manual Chunk explicitly outlines the enforcement powers and sanctions for non-compliance, specifically addressing penalties and interest for late payments. The manual details authorized late payments with interest assessed (Section 702), supplemental reports without penalty for simple miscalculations (Section 703), collection process including written demand letters and legal action (Section 704), delinquency resulting in referral to Legal Counsel or the Office of the Attorney General (Section 705), and interest assessment at a rate of twelve percent (12%) per annum (Section 706).

These provisions align with the Relevant Guidelines, as they all mention penalties, interest, and legal action for non-compliance. For example:

- Guideline Excerpt 1 states that "there shall be collected, in addition to such contribution and penalty, interest on the unpaid balance of the contribution or penalty at the rate of twelve percent (12%) per annum from its due date until the date it is paid." (Source: 41 PNCA 2025.pdf, Page: 41)
- Guideline Excerpt 4 states that "an employer or self-employed individual who fails to report or pay any amount of contributions due to the Fund shall be liable for interest on the unpaid balance of the contribution at the rate of twelve percent (12%) per annum from its due date until the date it is paid." (Source: 41 PNCA 2025.pdf, Page: 45)

Therefore, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding Enforcement Powers and Sanctions for Non-Compliance (specifically penalties and interest for late payments).

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." (Source 41 PNC & SSA By-Laws, Section 705)

Guideline: "there shall be collected, in addition to such contribution and penalty, interest on the unpaid balance of the contribution or penalty at the rate of twelve percent (12%) per annum from its due date until the date it is paid." (Source: 41 PNCA 2025.pdf, Page: 41)