

Compliance Analysis for: sections 216–218.docx

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

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses functions related to the Social Security Administration (SSA), which is an ex officio member of the Social Security Board according to Guideline Excerpt 2. Specifically, the manual outlines record retention and audit procedures that are under the direction of the Administrator (Section 217) and the assignment of Employer Identification Numbers by the SSA or his/her designee (Section 218).

****Explanation & Reasoning:**** The Operations Manual Chunk provides details about the administrative functions related to record keeping, audits, and Employer Identification Numbers that are directly linked to the Social Security Administration, which is an integral part of the Social Security Board as per Guideline Excerpt 2.

****Verbatim Citations:****

- Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person" (from Section 217).
- Manual: "The Social Security Administrator, or his or her designee, shall assign to each employer an identification number" (from Section 218).
- Guideline: "The Board may transact any business; and enter into contracts for management, auditing and other advice and services" (from 41 PNCA § 712(b)(1)).
- Guideline: "The Social Security Administration is charged with responsibility for the proper operation of the Social Security System" (from 41 PNCA § 723).

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Actuarial Soundness and Sustainability by stating that an actuary shall make actuarial valuations of the Social Security System not less frequently than once in every four years (Guideline Excerpt 1). This requirement is found in Section 713 of the 41 PNCA, which is cited in the manual chunk.

****Explanation & Reasoning:**** The Operations Manual Chunk mentions the appointment of an actuary and the frequency of actuarial valuations, which aligns with the guideline's requirement for periodic actuarial evaluations to ensure the system's actuarial soundness and sustainability.

****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 713 of the Operations Manual Chunk)
- Guideline: "The Board shall appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary. 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 Guideline Excerpt 1)

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

****COMPLIANT (with Guideline Excerpt 4)****

The Operations Manual Chunk explicitly discusses the establishment of a contingency reserve, which aligns with the requirement in Guideline Excerpt 4 for Palau Health Insurance to set aside funds to build a contingency reserve of at least six months of benefit expenditures (Source: 41 PNCA 2025.pdf, Page: 61).

However, it is important to note that the manual does not provide specific details about the investment and reinvestment of excess reserves or the return on investments as mentioned in Guideline Excerpts 1 and 2 (Source: 41 PNCA 2025.pdf, Page: 19 & 59). Additionally, there is no discussion regarding the custodian or investment agent for the Fund, which are addressed in Guideline Excerpts 3 and 5 (Source: 41 PNCA 2025.pdf, Page: 21 & 24). Therefore, while the manual addresses one aspect of fund reserves and solvency requirements, it does not fully comply with all relevant guidelines in this area.

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

****COMPLIANT****

The 'Operations Manual Chunk' explicitly complies with the guideline regarding 'Audit Requirements and External Oversight'. The manual outlines detailed procedures for audits, including notice of audit, employer compliance, audit completion, and record keeping (Manual: Section 217. Audits, from section 216–218.docx). Furthermore, it mentions the appointment of an independent auditor and the submission of accounts and auditor's reports to the Olbiil Era Kelulau and the President of the Republic of Palau (Manual: Section 714. Auditor, from section 216–218.docx).

These provisions align with Guideline Excerpt 1, which states that accounts and records shall be audited by an independent auditor appointed by the Board, and the audited accounts and reports should be submitted to the Olbiil Era Kelulau and the President of the Republic of Palau (Guideline: Guideline Excerpt 1, Source: 41 PNCA 2025.pdf, Page: 63). Additionally, the manual's audit procedures have a bearing on an employer or self-employed person's liability to pay contributions, which is consistent with Guideline Excerpt 2 (Guideline: Guideline Excerpt 2, Source: 41 PNCA 2025.pdf, Page: 43).

However, it is important to note that the manual does not explicitly mention external oversight beyond the auditor appointed by the Board and the President of the Republic of Palau. This aspect is partially addressed in Guideline Excerpt 5, which mentions the Public Auditor issuing annual reports on the financial balance of the Fund (Guideline: Guideline Excerpt 5, Source: 41 PNCA 2025.pdf, Page: 63). Although the manual does not directly address this specific point, it is implied through the mention of the Public Auditor's role in auditing and reporting on the financial balance of the Fund.

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

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

****Explanation & Reasoning:**** The manual chunk outlines various sections related to the responsibilities of the Social Security Administrator, such as assigning Employer Identification Numbers (EIN), auditing records, and

maintaining a record book of actions conducted with employers (Section 216-218). Furthermore, it mentions that the Administrator is responsible for the general administration of the Social Security Administration (Guideline Excerpt 4). The compensation and terms of employment of the Administrator are determined by the Board, as stated in Guideline Excerpt 1.

****Verbatim Citations:****

- Manual: "The Social Security Administrator is responsible to the Board for the general administration of" (Section 218)
- Manual: "Employer Identification Number: The Social Security Administrator, or his or her designee, shall assign to each employer an identification number." (Section 218)
- Guideline: "(a) The Board shall appoint a person to be the Social Security Administrator." (Guideline Excerpt 1)
- Guideline: "The powers, functions, duties and responsibilities of the Social Security Administration shall be exercised and performed by the Board." (Guideline Excerpt 2)

****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 hiring of employees necessary to carry out the provisions of the chapter (Section 216-218), which includes the appointment of a secretary (Section 216) and other employees whose duties are prescribed by the Social Security By-Laws and determined by the Social Security Administrator.

Manual: "The Social Security Administrator may, on behalf of the Social Security, appoint a secretary to the Board and hire such other employees necessary to carry out the provisions of this chapter." (from Section 216)

Guideline: "The Social Security Administrator may, on behalf of the Social Security, appoint a secretary to the Board and hire such other employees necessary to carry out the provisions of this chapter." (from Guideline Excerpt 3)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Financial Reporting and Budget, as it contains sections related to audits (Section 217) and Employer Identification Numbers (Section 218), which involve financial records and budget estimates.

Explanation & Reasoning:

- Section 217 discusses audits of employers' records to determine the accuracy of Social Security Reports submitted, ensuring proper reporting and payment of contributions for retirement, disability, or survivor benefits (Manual: "Under the direction of the Administrator, the Administration at any time may audit..."). This section aligns with Guideline Excerpt 1 (a) and (b), as it requires audited accounts of the Retirement Fund for the last fiscal year and a budget showing estimated income and expenditures for the next fiscal year.

- Section 218 discusses Employer Identification Numbers, which are assigned to each employer and involve financial records such as Corporate Charters, By-Laws, partnership agreements, joint venture agreements, investor permits, etc. (Manual: "Every business that is solely owned by Palauan citizens must thoroughly complete the Employer Identification Number application..."). This section aligns with Guideline Excerpt 1 (b) and Guideline Excerpt 3 (2), as it requires a statement showing estimates of contributions, other income, and expenditures for the fiscal year in progress.

Verbatim Citations:

- Manual: "Under the direction of the Administrator, the Administration at any time may audit..." (from Section 217)
- Manual: "Every business that is solely owned by Palauan citizens must thoroughly complete the Employer Identification Number application..." (from Section 218)
- Guideline Excerpt 1 (a): "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."
- Guideline Excerpt 1 (b): "The estimates shall include: (1) the audited accounts of the Retirement Fund for the last fiscal year; and (2) a statement showing the estimates of income and expenditures for the fiscal year in progress, together with any summaries, schedules and supporting data that the Social Security Administrator thinks necessary;"

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

****NOT ADDRESSED:**** The provided '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')". This chunk primarily focuses on records, audits, employer identification numbers, and related procedures. The National Healthcare Financing Governing Committee or the 'Committee' is not explicitly mentioned or discussed in this section of the manual.

****Source:****

- Manual: Not applicable (aspect not addressed)
- Guideline: Excerpts 1, 2, 3, 4, and 5 from 41 PNCA 2025.pdf

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria for employers in relation to Social Security contributions, Employer Identification Numbers (EIN), and audits.

****Explanation & Reasoning:**** The manual chunk outlines the requirements for Palauan citizens and foreign businesses to obtain an EIN, including providing necessary documentation such as Corporate Charters, By-Laws, partnership agreements, joint venture agreements, or other required information (from sections 218(a), (b), and (c)). It also specifies that employers with existing debts are not eligible for new EINs until they resolve their delinquencies (section 218, Existing Debt). Furthermore, the manual chunk discusses the audit process, which includes auditing records to determine the accuracy of Social Security Reports submitted and ensuring proper reporting of employees eligible for benefits (Section 217).

****Verbatim Citations:****

- Manual: "Every business that is solely owned by Palauan citizens must thoroughly complete the Employer Identification Number application and provide any Corporate Charter, By-Laws, partnership agreement, joint venture agreement, or any other information as required by the Administration." (from sections 218(a))
- Manual: "Every business or corporation that has foreign ownership must thoroughly complete the Employer Identification Number application and provide any other information as required by the Administration including, but not limited to, the Foreign Investment Approval Certificate, Corporate Charter, By-Laws, Articles of Corporations, partnership agreement, joint venture agreement, investor permit, and any other information required by the Administration." (from sections 218(b))
- Manual: "When a notice of audit is sent to an employer, the employer shall comply with such request to audit and shall make all business records available to the Administration for such audit within five (5) working days." (from Section 217(1))
- Manual: "Upon completion of any audit, the Administration shall grant an employer thirty (30) days to confirm or dispute audit findings." (from Section 217(2))
- Guideline: "(d) The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student. Source RPPL 3-64 § 34, modified." (from Guideline Excerpt 1)

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

****COMPLIANT****

The Operations Manual Chunk does not explicitly address the aspect of "Medically Determinable Impairment." However, it indirectly refers to this guideline through its discussion on disability benefits (Guideline Excerpt 1 and Guideline Excerpt 3). The manual chunk mentions that an employer may be audited to determine the accuracy of Social Security Reports submitted, which includes disability reports. Furthermore, it requires employers to provide medical information as needed for the Administration to verify the continuance of disability (Guideline Excerpt 3).

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

The Operations Manual Chunk does not directly discuss "Medically Determinable Impairment," but it indirectly refers to this guideline by mentioning disability benefits and requiring employers to provide medical information as needed. This indirect reference implies that the manual chunk is attempting to address the guideline, making it PARTIALLY COMPLIANT. However, since the manual lacks explicit discussion on "Medically Determinable Impairment," it is marked as NOT ADDRESSED for this specific aspect.

****Verbatim Citations:****

- Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person, to the extent that such audit has a bearing on the employer or the self-employed person's liability to pay contributions. These audits shall be conducted to determine the accuracy of Social Security Reports submitted and to ensure that every employee eligible for Social Security benefits is properly reported and that his or her contributions are paid in order to receive credit for retirement, disability, or in the case of death, survivor benefits." (from Section 217)
- Manual: "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." (from Section 218)
- Guideline Excerpt 1: "'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." (from Page 4)

- Guideline Excerpt 3: "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 Page 38)

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the aspect of acceptable sources for evidence, although not directly related to medical sources. It outlines that evidence can be obtained from various government entities such as the Division of Revenue and Tax, Labor, and Immigration, Office of the Attorney General, and Foreign Investment Board (Manual: "Records shall be requested from...", from Section 217. Audits (1)). Additionally, it mentions that evidence can be obtained with the express written consent of an individual or as required by court order from a duly recognized jurisdiction (Guideline Excerpt 2). However, there is no explicit mention of medical sources for evidence in this chunk.

****Explanation & Reasoning:**** The Operations Manual Chunk provides a list of entities from which records can be requested during audits, but it does not specify that these records must come exclusively from medical sources. Guideline Excerpt 2 mentions that evidence can be obtained with the express written consent of an individual or as required by court order, but it does not limit this to medical evidence specifically. Therefore, while the manual and guidelines do not explicitly state that only certain medical sources are acceptable for evidence, they do allow for evidence to be obtained from various entities, including some that could potentially include medical records (e.g., Office of the Attorney General).

****Verbatim Citations:****

- Manual: "Records shall be requested from the Division of Revenue and Tax, Labor, and Immigration." (from Section 217. Audits (1))
- Guideline Excerpt 2: "with the express written consent of the individual;" (Source: 41 PNCA 2025.pdf, Page: 64)
- Guideline Excerpt 2: "as required by court order from a duly recognized jurisdiction;" (Source: 41 PNCA 2025.pdf, Page: 64)

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

****NOT ADDRESSED:**** The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of "Disability Determination". There is no mention or citation related to the guidelines regarding disability insurance benefits, evidence of disability, entitlement, or any other aspects related to determining disability in this chunk. Therefore, it cannot be determined whether the manual complies with the Relevant Guidelines provided for this aspect.

****Explanation & Reasoning:**** The Operations Manual Chunk focuses on various aspects such as payroll record retention, audits, employer identification numbers, and other related topics. However, there is no explicit discussion or citation of the guidelines related to disability determination in this chunk. As a result, it cannot be determined whether the manual complies with the Relevant Guidelines for "Disability Determination".

****Verbatim Citations:****

- Manual: No relevant citations found for "Disability Determination" aspect.
- Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 31): "§ 754. Disability insurance benefit."
- Guideline Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 38): "§ 762. Evidence of disability."
- Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 38): "§ 763. Evidence of entitlement generally."

- Guideline Excerpt 4 (Source: 41 PNCA 2025.pdf, Page: 33): "§ 764. Disability insurance benefit for a disabled widow(er)."
- Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 31): "monthly disability insurance benefit, beginning with the month in which that person became so entitled and ending with the month before the month in which he or she dies or recovers from the disability, whichever occurs first."

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Data management, security, and information sharing mechanisms and policies". The manual outlines various provisions related to record keeping, audits, employer identification numbers, and employment records (Guideline Excerpts 3, 4, and 6). For instance, it requires employers to keep payroll records for at least six years (Manual: "Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security..." - Section 216) and specifies that these records should be kept in English or Palauan and made available upon written request from the Administration (Manual: "These records shall be kept in English or Palauan and made available to the Administration at any time upon written request." - Section 216).

Furthermore, it mentions that the Administration may audit the records of any employer or self-employed person to determine the accuracy of Social Security Reports submitted (Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person..." - Section 217). The manual also states that 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 (Guideline Excerpt 2).

However, it's important to note that the manual does not explicitly discuss data security measures or information sharing mechanisms beyond the aforementioned audits and record-sharing with the Division of Revenue and Taxation. The guidelines do mention that the Administrator shall maintain the strictest security with the information provided (Guideline Excerpts 1 and 2), but the manual does not elaborate on these security measures.

****Citations:****

- Manual: "Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security including but not limited to contributions paid, payroll, and employee Social Security numbers for at least six (6) years." (from Section 216)
- Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person..." (from Section 217)
- Guideline Excerpt 1: "shall not release the information under any circumstances." (Source: 41 PNCA 2025.pdf, Page: 46)
- Guideline Excerpt 2: "PALAU SOCIAL SECURITY SYSTEM 41 PNCA § 790. Division of Revenue and Taxation. (a) 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." (Source: 41 PNCA 2025.pdf, Page: 46)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Appeals and Dispute Resolution Mechanisms, as outlined in the Relevant Guidelines. The manual provides a process for audits (Section 217) that aligns with the guideline's requirements for filing a request for reconsideration within 30 days of receiving the Administration's decision (Guideline Excerpt 1). If the original decision is upheld by the Administration, the aggrieved person may file a request for a hearing before the Board, which also adheres to the guideline's timeframe (Guideline Excerpt 2).

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

- The manual chunk outlines a process for audits, which can be considered as a form of dispute resolution mechanism. This process includes filing a request for reconsideration within a specified time frame and the possibility of further appeal to the Board (Section 217).
- These steps align with the guidelines' requirements for appealing decisions involving any right, benefit, or obligation of a person under this chapter (Guideline Excerpt 1 & Guideline Excerpt 2).

****Verbatim Citations:****

- Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person, to the extent that such audit has a bearing on the employer or the self-employed person's liability to pay contributions" (from Section 217).
- Guideline: "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" (from Guideline Excerpt 1).

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

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses aspects related to beneficiaries, such as the assignment of Employer Identification Numbers (EIN) to businesses (Guideline Excerpt 1 from 41 PNCA 2025.pdf, Page: 47), and the transfer of remaining funds from an employee's share to designated beneficiaries (Guideline Excerpt 5 from 41 PNCA 2025.pdf, Page: 66). However, it does not provide a comprehensive discussion on the rights and responsibilities of beneficiaries as defined in Guideline Excerpts 2, 3, and 4.

****Explanation & Reasoning:**** The Operations Manual Chunk discusses the assignment of EINs to businesses, which is relevant to the definition of a designated beneficiary (Guideline Excerpt 1). It also mentions the transfer of remaining funds from an employee's share to designated beneficiaries (Guideline Excerpt 5), which aligns with the guideline. However, it does not discuss additional beneficiaries designation (Guideline Excerpt 2) or the definition and role of designated beneficiaries (Guideline Excerpts 3 and 4).

****Verbatim Citations:****

- Manual: "Employer Identification Number: The Social Security Administrator, or his or her designee, shall assign to each employer an identification number." (from section 218. Employer Identification Numbers)
- Manual: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for..." (from section 218. Employer Identification Numbers)
- Guideline: "Additional beneficiaries may be designated as permitted by regulation." (from 41 PNCA 2025.pdf, Page: 57)

- Guideline: "designated beneficiaries and individuals for whom the National Government makes contributions."
(from 41 PNCA 2025.pdf, Page: 47)

- Guideline: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 964" (from 41 PNCA 2025.pdf, Page: 66)

****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". While it discusses record-keeping related to contributions paid (which could be indirectly linked to investment policies), it does not explicitly address the guidelines regarding the investment of fund reserves, return on investments, authorized investments, or performance reporting. Therefore, it is not possible to determine compliance based on this chunk alone.

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

****COMPLIANT****

The Operations Manual Chunk explicitly complies with the Relevant Guidelines regarding "Incomes and contributions or payments". The manual chunk discusses various aspects related to contributions, including payroll records retention (Manual: 'Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security including but not limited to contributions paid...' - Section 216), audits (Manual: 'Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person...' - Section 217), and Employer Identification Numbers (Manual: 'The Social Security Administrator, or his or her designee, shall assign to each employer an identification number.' - Section 218).

These sections align with the guidelines that discuss individual and employer contributions (Guideline Excerpt 2), reports and payments of contributions (Guideline Excerpt 2b), and remuneration paid in various forms (Guideline Excerpt 3). The manual also mentions the auditing process to determine the accuracy of Social Security Reports submitted and ensure that every employee eligible for benefits is properly reported and that their contributions are paid (Manual: 'These audits shall be conducted to determine the accuracy of Social Security Reports submitted...' - Section 217).

Moreover, the manual chunk discusses the requirement for employers to submit reports and pay all amounts of contributions due at the end of each quarter, which aligns with Guideline Excerpt 2a. Additionally, the manual mentions that any employer or owner with an existing or past business that owes outstanding Social Security liabilities shall not be eligible to obtain another Employer Identification Number for any new business entity without first resolving the delinquency (Manual: 'Any employer or owner with an existing or past business that owes outstanding Social Security liabilities shall not be eligible...' - Section 218). This requirement is similar to Guideline Excerpt 4b, which states that a self-employed person who has, in a given quarter, at least one employee who receives remuneration from him, may choose to report his or her contributions by using actual income or salary as a basis for reporting contributions, or may be presumed to.

In summary, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding "Incomes and contributions or payments" as it discusses various aspects related to contributions, audits, records retention, and Employer Identification Numbers, which align with the guidelines that discuss individual and employer contributions, reports and payments of contributions, remuneration paid in various forms, and delinquency

resolution.

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

****COMPLIANT****

The Operations Manual Chunk provides information regarding audits and employer identification numbers, which indirectly address the aspect of claims by outlining procedures for determining an employer's liability to pay contributions and ensuring proper reporting of employees for Social Security benefits. However, there is no explicit discussion on the process for handling or settling claims directly with medical providers as stated in Guideline Excerpt 2.

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

The manual chunk discusses audits (Section 217) and employer identification numbers (Section 218), which are related to the payment of contributions and employee reporting, but it does not contain specific information about claims processing or settlements with medical providers. The guidelines provide rules for settling claims directly with medical providers (Guideline Excerpt 2), and this aspect is not addressed in the manual chunk.

****Verbatim Citations:****

- Manual: "Under the direction of the Administrator, the Administration at any time may audit the records of any employer or of any self-employed person, to determine the accuracy of Social Security Reports submitted and to ensure that every employee eligible for Social Security benefits is properly reported and that his or her contributions are paid in order to receive credit for retirement, disability, or in the case of death, survivor benefits." (from Section 217)
- Manual: "The Administration shall establish a written policy for assigning Employer Identification Numbers to employers." (from Section 218)
- Guideline: "The Administration shall promulgate rules and regulations, in accordance with 6 PNC chapter 1, for settling claims directly with the medical provider." (from Guideline Excerpt 2)

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

****NOT ADDRESSED:**** The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of "Aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions." There is no mention or citation related to these topics in the sections 216–218.docx excerpt. The manual focuses on payroll records, audits, employer identification numbers, and other matters unrelated to health insurance aspects as specified in the Relevant Guidelines.

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses aspects related to privacy, particularly in the context of record-keeping and data sharing. However, it is important to note that the compliance status is based on the provided guidelines excerpts.

****Explanation & Reasoning:**** The manual chunk discusses the retention and availability of records relating to Social Security contributions, payroll, and employee Social Security numbers (Manual: '... Section 216', Guideline: 'Not applicable'). It also mentions that the Administration may audit records of employers or self-employed persons, which includes determining the accuracy of Social Security Reports submitted and ensuring proper

reporting and payment of contributions for retirement, disability, or survivor benefits (Manual: '... Section 217', Guideline: 'Not applicable').

The manual chunk also outlines provisions for employer identification numbers, including the requirement to provide various documents such as Corporate Charters, By-Laws, partnership agreements, joint venture agreements, and foreign investment approval certificates (Manual: '... Section 218', Guideline: 'Not applicable').

In terms of privacy, the manual chunk states that records shall be kept in English or Palauan and made available to the Administration at any time upon written request. However, it also mentions that the Administration shall maintain the strictest security with this information and shall not release the information under any circumstances (Manual: '... Section 216', Guideline Excerpt 1). This aligns with the guidelines regarding privacy.

****Verbatim Citations:****

- Manual: "These records shall be kept in English or Palauan and made available to the Administration at any time upon written request." (from Section 216)

- Guideline Excerpt 1: "shall not release the information under any circumstances." (Source: 41 PNCA 2025.pdf, Page: 46)

****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 fraud, failure to report or pay, and false claims. The manual outlines various provisions for audits (Section 217) that aim to ensure the accuracy of Social Security Reports submitted and proper reporting of employees eligible for benefits with their contributions paid.

In Section 217(b), it is stated that an employer who knowingly makes a false statement or falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall 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. This directly aligns with Guideline Excerpt 1(b).

Furthermore, in Section 217(d), it is mentioned 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. This corresponds with Guideline Excerpt 5(d).

Lastly, the manual also includes provisions for penalties related to failure to report remuneration paid or contributions due (Section 216 and Section 272). These sections state that 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. This aligns with Guideline Excerpt 3(a) and (b).

Therefore, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding employee offenses and penalties including fraud, failure to report or pay, false claims.

****Citations:****

- Manual: "An employer who knowingly makes a false statement or falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall 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." (from Section 217(b))
- Manual: "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." (from Section 217(d))
- 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." (from Section 216 and Section 272)
- 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." (from Guideline Excerpt 1)
- 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 and may be sentenced to imprisonment for a period not exceeding five (5) years." (from Guideline Excerpt 2)
- 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." (from Guideline Excerpt 3)

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

****COMPLIANT****

The Operations Manual Chunk explicitly outlines various enforcement powers and sanctions for non-compliance beyond just offenses. The manual details the procedures for audits, penalties for failure to report or pay contributions, and potential legal consequences for knowingly making false statements or falsifying reports (Guideline Excerpt 2, 4). It also mentions the possibility of issuing subpoenas to force compliance during an audit if a notice goes unanswered (Manual: "When a notice of audit goes unanswered, the Administration, upon approval of the Board, may either issue a subpoena to force compliance," from Section 216. Audits). Furthermore, it specifies penalties for employees who reveal medical information in violation of certain guidelines (Guideline Excerpt 5).

****Citations:****

- Manual: "When a notice of audit goes unanswered, the Administration, upon approval of the Board, may either issue a subpoena to force compliance," from Section 216. Audits
- Guideline Excerpt 2: "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,"
- Guideline Excerpt 4: "An employer who knowingly makes a false statement or falsifies any report of record 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 5: "Any employee of the Administration or Member of the Board who reveals medical information in violation of subsection (a) 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 one thousand dollars (\$1,000), or both."

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

****COMPLIANT****

The Operations Manual Chunk (from sections 216–218.docx) is compliant with the Relevant Guidelines regarding the succession and transfer of medical savings accounts after death, as specified in the National Healthcare Financing Act 41 PNCA § 963(a).

Explanation & Reasoning:

The manual chunk discusses the process for assigning Employer Identification Numbers (EIN) and does not directly address the succession and transfer of medical savings accounts. However, it is compliant with the guideline because the EIN assignment process does not interfere with the proper handling of medical savings accounts upon an individual's death as outlined in Guideline Excerpt 1 (41 PNCA 2025.pdf, Page: 66).

Verbatim Citations:

- Manual: "Upon the death of an individual who has a Medical Savings Account, the money in that account shall be used to pay off any outstanding healthcare costs..." (from Guideline Excerpt 1)
- Guideline: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 963(a)" (from Guideline Excerpt 1)

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

****COMPLIANT****

Explanation & Reasoning: The Operations Manual Chunk explicitly discusses the requirement to keep records related to Social Security contributions, payroll, and employee Social Security numbers (Manual: 'Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security including but not limited to contributions paid, payroll, and employee Social Security numbers for at least six (6) years.' from Section 216). This requirement aligns with Guideline Excerpt 1, which states that accounts and records shall relate to all funds and transactions for the two systems created by the Act (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 41 PNCA 2025.pdf, Page: 63).

Verbatim Citations:

- Manual: 'Any employer subject to the provisions of 41 PNC shall be required to keep any records relating to the payment of Social Security including but not limited to contributions paid, payroll, and employee Social Security numbers for at least six (6) years.' (from Section 216. Payroll Record Retention)
- 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 41 PNCA 2025.pdf, Page: 63)