

Consolidated Compliance Report

Compliance Analysis for Document Chunk: section 101-112.docx

****Compliance Aspect: 1. Functions, members, and procedures of the Social Security Board****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk provides information about the authority, purpose, applicability, definitions, amendment process, sovereign immunity, record keeping, funds management, discretion of the Administrator, uniformity, severability, and effective date of the Social Security Board's rules and procedures. However, it does not explicitly address the functions, members, and procedures of the Social Security Board as required by the relevant guidelines.

The relevant guidelines (Guideline Excerpt 1, 2, 3, 4, 5, 6, and 7) provide details about the powers, functions, duties, responsibilities, appointment process, reporting requirements, and employee hiring of the Social Security Board. Although some aspects are mentioned in the Operations Manual Chunk (e.g., the Board may promulgate its own rules and procedures, the Administrator is an ex officio member of the Board), they are not presented in a comprehensive manner that fully meets the requirements outlined in the guidelines.

****Verbatim Citations:****

- ****Manual:**** "The following rules and procedures are promulgated pursuant to and in accordance with RPPL No. 2-29, as amended by RPPL No. 3-64, as codified in Title 41 of the Palau National Code (hereinafter "PNC") pursuant to § 711 and § 712(d)." [Section 101]
- ****Guideline:**** "The Board shall exercise and perform its powers and functions under this chapter in the name of the Social Security Administration. For the purposes of this chapter, and subject to this chapter and the Social Security By-Laws, the Board may: (1) transact any business; and (2) enter into contracts for management, auditing and other advice and services; and (3) issue subpoenas and administer oaths appropriate for the administration of this chapter." [Guideline Excerpt 1]
- ****Manual:**** "The Administrator shall have the discretion to deviate from these rules and procedures as he or she deems necessary to best serve the interest of the Administration. In the event that the Administrator deviates from such rules and procedures, he or she shall so inform the Board in writing during the next regular meeting." [Section 109]
- ****Guideline:**** "Subject to this chapter and to the Social Security By-laws, the Board may promulgate and adopt its own rules and procedures." [Guideline Excerpt 3]

****Compliance Aspect: 2. Responsibilities of the Administrator****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk provides some information regarding the responsibilities of the Administrator, such as maintaining records and preparing budget estimates (Section 107 and Section 109). However, it does not explicitly address all the specific responsibilities

outlined in the relevant guidelines. For instance, the Administrator's responsibility to any employee is not mentioned, nor is the delegation of powers and duties to employees made in accordance with 41 PNC § 725 (Guideline Excerpt 5). The Administrator's role in the general day-to-day administration and operation of the Medical Savings Fund and Palau Health Insurance is only partially addressed (Section 109 vs. Guideline Excerpt 5).

****Verbatim Citations:****

* Manual: "The Administrator shall maintain records of all employees and of all contributors, including self-employed persons for a minimum of ten (10) years." (from Section 107)

* Manual: "The Administrator shall have the discretion to deviate from these rules and procedures as he or she deems necessary to best serve the interest of the Administration." (from Section 109)

* Guideline: "The Social Security Administrator is responsible to the Board for the general administration and operation of the Medical Savings Fund and Palau Health Insurance." (from Guideline Excerpt 5)

* Guideline: "A delegation may be made subject to such limitations and conditions, as the Administrator deems proper and necessary." (from Guideline Excerpt 5)

* Guideline: "The Social Security Administrator shall maintain records of all employees and of all contributors," (from Guideline Excerpt 6)

****Compliance Aspect: 3. The keeping of accounts and reports (Section 107)****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** Section 107 of the Operations Manual Chunk outlines that the Administrator shall maintain records of all employees and contributors, including self-employed persons for a minimum of ten (10) years. However, it does not explicitly state that these records should be kept in accordance with generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board, which is a requirement stated in Guideline Excerpt 1 and Guideline Excerpt 5. Although the manual chunk mentions maintaining records for various purposes such as legal actions, debt collection, settlement agreements, estate proceedings, or other necessary purposes (Section 107), it does not specify that these records should be kept in a manner consistent with generally accepted accounting principles. Therefore, while the Operations Manual Chunk addresses the aspect of record keeping, it does so incompletely and with significant ambiguities, making it partially compliant with the relevant guidelines.

****Verbatim Citations:****

- Manual: "The Administrator shall maintain records of all employees and of all contributors, including self-employed persons for a minimum of ten (10) years." [Source 41 PNC § 711, § 712(d), § 724, & SSA By-Laws]

- Guideline: "prevailing, generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board." [Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 64)]

- Guideline: "The Administration shall maintain accounts and records in accordance with prevailing, generally accepted accounting principles as promulgated by the United States'" [Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 64)]

****Compliance Aspect: 4. Employee offenses and penalties****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk does not explicitly address the guidelines related to employee offenses and penalties, such as revealing confidential information or knowingly falsifying statements. However, it does mention in Section 107 that records of all employees and contributors are to be maintained for a minimum of ten (10) years, which aligns with the guideline requiring the retention of records. The Administrator's discretion to deviate from these rules and procedures as necessary (Section 109) could potentially allow for penalties in cases not explicitly outlined in the manual. However, without specific provisions detailing employee offenses and penalties, the manual is partially compliant with the relevant guidelines.

****Verbatim Citations:****

- Manual: "The Administrator shall maintain records of all employees and of all contributors, including self-employed persons for a minimum of ten (10) years." [Source 41 PNC § 711, § 712(d), § 724, & SSA By-Laws]

- Guideline: "An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is, in addition, guilty of a misdemeanor and is liable for a fine of not more than two thousand dollars (\$2,000)." [41 PNCA 2025.pdf, Page: 42]

- Guideline: "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." [41 PNCA 2025.pdf, Page: 66]

****Compliance Aspect: 5. Discretion of the Administrator****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The 'Operations Manual Chunk' addresses the discretion of the Administrator, as stated in Section 109: "The Administrator shall have the discretion to deviate from these rules and procedures as he or she deems necessary to best serve the interest of the Administration." This provision seems to align with Guideline Excerpt 7 (§ 909. Administrator) which states that the Administrator may delegate any power, duty, or responsibility to any employee of the Administration. However, the manual chunk does not specify the limits and conditions under which this discretion can be exercised, as required by Guideline Excerpt 2 (§ 726. Employment records).

****Verbatim Citations:****

- Manual: "The Administrator shall have the discretion to deviate from these rules and procedures as he or she deems necessary to best serve the interest of the Administration." [Source: Operations Manual Chunk, Section 109]

- Guideline: "A delegation may be made subject to such limitations and conditions, as the Administrator deems proper and necessary." [Source: 41 PNCA 2025.pdf, Page: 17]

****Compliance Aspect: 6. Uniformity****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk (Section 110) states that all provisions of the rules and procedures shall be interpreted and applied in a uniform, nondiscriminatory manner. This aligns with Guideline Excerpt 3(c), which emphasizes the need for laws, regulations, and administrative procedures to be such as to effect the commitments referred to in Section 471(a) of the Compact of Free Association. However, the manual does not provide specific guidelines or mechanisms for ensuring uniformity across all provisions, which is a minor deficiency that prevents full adherence to the guideline.

****Verbatim Citations:****

- Manual: "All provisions of these rules and procedures shall be interpreted and applied in a uniform, nondiscriminatory manner." (from Section 110)
- Guideline: "The Government of the United States and the Government of Palau shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Compact, that their laws, regulations and administrative procedures are such as to effect the commitments referred to in Section 471(a)." (from Guideline Excerpt 2)

****Compliance Aspect: 7. Severability****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The 'Operations Manual Chunk' includes a provision for severability in Section 111, which states that if any provision of the rules and procedures is held invalid, the invalidity does not affect other provisions or applications of these rules and procedures which can be given effect without the invalid provision or application. This aligns with Guideline Excerpt 1 from RPPL 3-64 § 54, modified. However, the manual chunk does not explicitly address the concept of "severability" in a comprehensive manner as seen in other guidelines such as Guideline Excerpt 2 from RPPL 8-14 § 2 or Guideline Excerpt 6 from RPPL 3-64 § 51, modified. The manual chunk does not specify the scope of applicability for this severability provision, nor does it provide any exceptions to the rule.

****Verbatim Citations:****

- Manual: "If any provision of these rules and procedures or the application thereof to any employee or circumstance is held invalid, the invalidity does not affect other provisions or applications of these rules and procedures which can be given effect without the invalid provision or application, and to this end the provisions of these rules and procedures are severable." (from Section 111)
- Guideline: "If any provision of this chapter or application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable." (from RPPL 3-64 § 54, modified)

****Compliance Aspect: 8. Effective Date****

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The 'Operations Manual Chunk' provides a rule for the effective date of its own rules and procedures, stating that they shall take effect upon their approval by a majority vote of the Board of the Republic of Palau Social Security Administration (Section 112). However, this

provision does not explicitly specify a timeframe within which the effective date must occur after the approval.

In contrast, Guideline Excerpt 1 from the Relevant Guidelines states that every employer and employee and self-employed individual shall comply with the new rules at least ninety (90) days after the effective date of the Act. This guideline suggests a specific timeframe for the effective date to take place after approval, which is not addressed in the 'Operations Manual Chunk'.

****Verbatim Citations:****

- Manual: "These rules and procedures shall take effect upon their approval by a majority vote of the Board of the Republic of Palau Social Security Administration." (from Section 112)
 - Guideline: "As of the first day of the first calendar quarter beginning at least ninety (90) days after the effective date of this Act, every employer and employee and self-employed individual" (from RPPL 8-14 § 2)
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