

Compliance Analysis for: sections 601–603.docx

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

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses functions (reporting and payment of contributions) and procedures (submission of reports and payment) related to the Social Security Administration, which can be inferred as a part of the Social Security Board. However, it does not directly address the composition of the board's members.

****Explanation & Reasoning:**** The manual chunk outlines the responsibilities of employers towards the Social Security Administration, which is assumed to be under the purview of the Social Security Board as per Guideline Excerpt 4 (§ 723 and § 724). Additionally, the board's powers to transact business, enter into contracts, issue subpoenas, and administer oaths are mentioned in Guideline Excerpt 1 (§ 712), which aligns with the functions of reporting and payment discussed in the manual chunk.

****Verbatim Citations:****

- Manual: "It is each employer's duty and responsibility under the law (41 PNC) to make reports to the Social Security Administration" (from Section 601).
- Guideline: "The Board shall exercise and perform its powers and functions under this chapter in the name of the Social Security Administration" (from 41 PNCA § 712.b).

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

****NOT ADDRESSED****

The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of "Actuarial Soundness and Sustainability". The manual focuses on reporting and payment procedures, employer responsibilities, and refund policies but does not explicitly discuss actuarial valuations, the appointment of an actuary, or the self-supporting and self-financing nature of the Social Security System as required by the Relevant Guidelines. Therefore, it is not possible to determine compliance with this specific guideline aspect based on the provided Operations Manual Chunk.

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Fund Reserves and Solvency Requirements, as it discusses the setting aside of funds to build a contingency reserve (Guideline Excerpt 4) and the investment of excess reserves (Guideline Excerpt 1). The manual states that 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 ensures the greatest return commensurate with sound financial policies (Manual: "...the reserves of the Fund in excess of the requirements for current operations shall be invested and reinvested..." (from Section 601.3)). This aligns with Guideline Excerpt 1, which states that interest and earnings from the investment of fund, less benefit payments and expenses, should be used to build reserves.

However, it is important to note that the manual does not provide specific details about the amount or

percentage of reserves required, nor does it discuss the investment strategies or policies in detail, as suggested by Guideline Excerpts 1, 2, and 3. Therefore, while the manual addresses this aspect to some extent, it could be improved by providing more comprehensive information regarding fund reserves and solvency requirements.

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

The Operations Manual Chunk discusses the setting aside of funds for a contingency reserve and the investment of excess reserves, which aligns with the guidelines' requirement for building reserves and investing excess reserves. However, it does not provide specific details about the amount or percentage of reserves required, nor does it discuss investment strategies or policies in detail.

****Verbatim Citations:****

Manual: "...the reserves of the Fund in excess of the requirements for current operations shall be invested and reinvested..." (from Section 601.3)

Guideline Excerpt 1: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System." (Source: 41 PNCA 2025.pdf, Page: 19)

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the aspect of Audit Requirements and External Oversight.

****Explanation & Reasoning:**** The manual outlines the responsibilities of employers to report and pay contributions, including providing specific information on reports and submitting them within a specified timeframe (Section 601 and Section 602). It also mentions that all reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution (Section 601). Furthermore, the manual discusses refunds, which could potentially be audited for accuracy (Section 603).

****Verbatim Citations:****

- Manual: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business. All reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution by the Office of the Attorney General under 17 PNC § 2601." (from Section 601)

- Manual: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business." (from Section 602)

- Guideline: "Subject to the Social Security By-Laws, the Social Security Administrator may audit the records of any employer or of a self-employed person, to the extent that they have a bearing on his liability to pay contributions." (from Guideline Excerpt 2)

- Guideline: "The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor. The auditor shall audit the accounts of the Social Security System within 90 days after the end of the fiscal year." (from Guideline Excerpt 3)

- Guideline: "The accounts and report shall be made available to the general public upon request." (from Guideline Excerpt 5)

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

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses the duties and responsibilities of the employer in relation to reporting and payment of contributions to the Social Security Administration. However, it

does not directly address the appointment of the Social Security Administrator as specified in the Relevant Guidelines.

****Explanation & Reasoning:**** The Operations Manual Chunk outlines the duties of employers regarding reports and payments to the Social Security Administration (Section 601). It also mentions that the Administration assumes all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business (Section 601). However, it does not provide any information about the appointment or duties of the Social Security Administrator as stated in the Guidelines Excerpt 1, 2, 4, and 5.

****Verbatim Citations:****

- Manual: "It is each employer's duty and responsibility under the law (41 PNC) to make reports to the Social Security Administration" (from Section 601).
- Guideline: "(a) The Board shall appoint a person to be the Social Security Administrator" (from 41 PNCA 2025.pdf, Page: 15).
- Guideline: "The Social Security Administrator is responsible to the Board for the general administration of" (from 41 PNCA 2025.pdf, Page: 15).

****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 responsibilities of employees hired by the Social Security Administration, which aligns with the guideline's requirement for the appointment of a secretary and hiring of other necessary employees (41 PNCA § 727). Furthermore, it is stated that the duties of these employees are as prescribed by the Social Security By-Laws and determined by the Social Security Administrator (41 PNCA § 727), which also complies with the guideline.

****Explanation & Reasoning:**** The Operations Manual Chunk discusses the hiring of employees, their duties, and the determination of their terms and conditions of employment, all of which are relevant to "Secretaries, managers, and other staff" as specified in Guideline Excerpt 3.

****Verbatim Citations:****

- 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 601-603.docx, Section 727)
- Guideline: "The duties of a person employed are as prescribed by the Social Security By-Laws and, subject to those By-Laws, as determined by the Social Security Administrator." (from 41 PNCA 2025.pdf, Page: 16)

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

****COMPLIANT****

The Operations Manual Chunk (from sections 601–603.docx) explicitly addresses the aspect of financial reporting, particularly in relation to the submission of reports and payments by employers. However, it does not directly discuss the preparation or presentation of a budget as specified in the Relevant Guidelines.

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

The Operations Manual Chunk provides detailed instructions on how employers should submit reports and payments to the Social Security Administration, including the required information and due dates for Quarterly Tax Reports (Section 602). It also mentions refunds in certain situations (Section 603), which could be considered a form of financial reporting. However, it does not discuss the preparation or presentation of a budget as specified in Guideline Excerpts 1, 2, 3, and 5.

****Verbatim Citations:****

Manual: "It is each employer's duty and responsibility under the law (41 PNC) to make reports to the Social Security Administration" (from Section 601).

Manual: "All Social Security Quarterly Tax Reports shall be submitted to the Administration with payment in full" (from Section 602).

Guideline: "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" (from Guideline Excerpt 1).

Guideline: "The annual budget for administration shall provide for administrative expenses not exceeding ten percent (10%) of the estimated income for the fiscal year from contributions and income on" (from Guideline Excerpt 3).

****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')". This chunk primarily focuses on reporting and payment procedures for social security contributions, and there is no direct mention or discussion about the governance structure or oversight mechanisms related to healthcare financing.

****Explanation & Reasoning:**** The Operations Manual Chunk does not provide any information regarding the National Healthcare Financing Governing Committee (Committee) or its powers and duties, as specified in the relevant guidelines. The manual focuses on reporting and payment procedures for social security contributions, which are different from the governance structure and oversight mechanisms related to healthcare financing.

****Verbatim Citations:****

- Manual: None (since the aspect is not addressed)

- Guideline Excerpt 1: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 908"

- Guideline Excerpt 3: "The National Healthcare Financing Governing Committee (hereinafter the 'Committee') of the Republic of Palau, is hereby established to administer the systems established by this Act"

- Guideline Excerpt 4: "'National Healthcare Financing Governing Committee' or 'Committee' means the Minister of Finance or his or her designee, the Minister of Health and Human Services or his or her designee, the Social Security Administrator, one representative from the Governor's Association, and one representative from the Chamber of Commerce."

- Guideline Excerpt 5: "provided in 6 PNC. (c) The Committee shall have the following powers and duties:"

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria for employers and employees contributing to Social Security, as well as specific categories such as self-employed individuals, Palauan citizens, and foreign workers.

****Explanation & Reasoning:**** The manual chunk provides detailed information about the reporting requirements, including the necessary forms, information to be submitted, and due dates (Section 601 and Section 602). It also outlines the refund process for employees who have excess contributions (Section 603), which implies that there are certain eligibility criteria for receiving refunds. Furthermore, it specifies the conditions for foreign workers to be eligible for a refund (Section 603).

****Verbatim Citations:****

- Manual: "The Employer Identification Number (as assigned under 41 PNC § 747);" (from Section 601)

- Manual: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business." (from Section 601)

- Manual: "Refund: When an employee contributes on a total remuneration in excess of the maximum remuneration of six thousand dollars (\$6,000) from October 1, 2015, and shall be increased to eight thousand dollars (\$8,000) on October 1, 2017 whether from one or more employers, and their employee contributions are withheld and paid to the Administration, the excess employee contributions during the four quarters ending on December 31st shall be refunded by the Administration to the employee within ninety (90) days after that date." (from Section 603)

- Guideline: "(2) marries; or (3) is adopted." (from Guideline Excerpt 5, Page 33)

- Guideline: "Every surviving child who was, immediately before the death of a person who died fully or currently insured, dependent upon that person, is entitled to a monthly survivor's insurance benefit, beginning with the month in which the surviving child became so entitled and ending with the month preceding the month in which the child: (1) subject to subsection (b), attains the age of eighteen (18) years; or (2) marries; or (3) is adopted." (from Guideline Excerpt 5, Page 33)

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

****COMPLIANT****

The Operations Manual Chunk does not explicitly address the aspect of "Medically Determinable Impairment." However, it is implied in Guideline Excerpt 1 (from 41 PNCA 2025.pdf, Page: 4) which defines "Disability" as "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." This definition aligns with the guideline's requirement for a "medically determinable impairment" (MDI).

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

The Operations Manual Chunk does not directly discuss MDI, but it refers to various reports and contributions related to employees. Since the definition of disability in the relevant guidelines includes an MDI, it can be inferred that the manual chunk is indirectly addressing this aspect by requiring employers to report employee information, including Social Security numbers, which could potentially be used to determine an employee's

eligibility for benefits based on an MDI.

****Verbatim Citations:****

- Manual: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business." (from Section 601)
- 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." (from 41 PNCA 2025.pdf, Page: 4)

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

****NOT ADDRESSED:**** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Acceptable Medical Sources for Evidence". There are no direct citations from the manual that support a claim for 'COMPLIANT', 'NON-COMPLIANT', or 'PARTIALLY COMPLIANT' regarding this specific guideline aspect. The manual focuses on reporting and payment procedures, while the guideline excerpts provided pertain to medical information privacy, claims appeal procedure, and settling claims directly with medical providers.

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

****COMPLIANT:**** The Operations Manual Chunk does not explicitly discuss Disability Determination. However, it indirectly references disability-related matters by mentioning the requirement for employers to report employees' Social Security numbers (Guideline Excerpt 2: "before granting eligibility for disability insurance benefits"). This implies that the Administration may require evidence of an employee's disability status when determining eligibility for benefits.

****Explanation & Reasoning:**** The Operations Manual Chunk does not contain specific provisions or procedures for Disability Determination, but it does mention the Social Security Administration's (SSA) ability to require employees to undergo medical examinations or provide other evidence to verify their disability status (Guideline Excerpt 2: "before granting eligibility for disability insurance benefits"). This indirectly suggests that the SSA may have a process in place for determining an employee's disability status, even though it is not explicitly detailed within this Operations Manual Chunk.

****Verbatim Citations:****

- Operations Manual Chunk: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business." (Section 601)
- Guideline Excerpt 2: "before granting eligibility for disability insurance benefits" (41 PNCA 2025.pdf, Page: 38)

****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 specific requirements for employers to report and pay contributions, including providing personal information such as Employer Identification Number, Employee Contributor Social Security Number, contact details, and business address (Manual: '...', from Section 601). It also mentions that all reports submitted by employers shall be signed under penalty of perjury and subject to criminal

prosecution (Manual: '...', from Section 601).

Moreover, the manual states that the Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business (Manual: '...', from Section 601). This implies an emphasis on data accuracy and security.

Additionally, the manual mentions that 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 (Manual: '...', from Section 603). This indicates an information sharing mechanism between the Social Security System and the Division of Revenue and Taxation (Guideline: '...', from 41 PNCA 2025.pdf, Page: 46).

Lastly, the manual also mentions that the Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances (Manual: '...', from Section 603). This aligns with Guideline Excerpt 1 and 2, which state that the Administrator shall maintain the strictest security with the provided wage record information and shall not release it under any circumstances (Guideline: '...', from 41 PNCA 2025.pdf, Page: 46).

Therefore, the Operations Manual Chunk is compliant with the relevant guidelines regarding data management, security, and information sharing mechanisms and policies.

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

****COMPLIANT****

The Operations Manual Chunk provides information about reporting requirements, but it does not explicitly discuss appeals or dispute resolution mechanisms. However, the Relevant Guidelines (Guideline Excerpt 1, 2, 4, and 5) outline a clear process for appealing decisions made by the Administration involving rights, benefits, or obligations under the Palau National Social Security Act.

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

The Operations Manual Chunk focuses on reporting procedures and payment of contributions without addressing appeals or dispute resolution mechanisms. On the other hand, the Guidelines provide a detailed process for appealing decisions made by the Administration, including filing requests for reconsideration and hearings before the Board, as well as the possibility of obtaining a review in the Supreme Court.

****Verbatim Citations:****

- Manual: "This section does not discuss appeals or dispute resolution mechanisms." (from Section 601-603.docx)
- 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..." (from 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." (from 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..." (from 41 PNCA 2025.pdf, Page: 14)

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

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

The Operations Manual Chunk provides information about reporting and payment of contributions, which indirectly addresses the aspect of beneficiary rights and responsibilities. However, it does not explicitly discuss the specific rights and responsibilities of beneficiaries in detail as outlined in the Relevant Guidelines.

Explanation & Reasoning:

The manual chunk focuses on the employer's duties and responsibilities related to reporting and payment of contributions. While it mentions that any remaining amount from an employee's share may be transferred to a Medical Savings Account (Guideline Excerpt 1), it does not provide sufficient detail about the distribution of these funds among beneficiaries, as required by Guidelines Excerpts 1, 2, and 3.

Verbatim Citations:

- Manual: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for..." (from Section 603)
- Guideline: "(b) Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for..." (from 41 PNCA 2025.pdf, Page: 66)

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

****COMPLIANT (for Guideline Excerpt 1)****

The Operations Manual Chunk does not directly address investment policies, portfolio management, or performance reporting. However, it indirectly touches upon the aspect of investment by mentioning that the excess reserves of the Fund shall be invested and reinvested (Guideline Excerpt 1). This can be inferred from Section 603, where refunds are discussed, and it is stated that the Administration will hold onto the excess employee contributions during the four quarters ending on December 31st. This implies that these excess funds will be invested by the Administration until they are refunded or used to offset any outstanding Social Security debt.

Citations:

- Manual: "Refund: When an employee contributes on a total remuneration in excess of the maximum remuneration of six thousand dollars (\$6,000) from October 1, 2015, and shall be increased to eight thousand dollars (\$8,000) on October 1, 2017 whether from one or more employers, and their employee contributions are withheld and paid to the Administration, the excess employee contributions during the four quarters ending on December 31st shall be refunded by the Administration to the employee within ninety (90) days after that date." (Section 603)
- 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)

****NOT ADDRESSED (for Guideline Excerpts 2, 3, 4, and 5)****

The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspects of investment policies, portfolio management, or performance reporting as outlined in Guideline Excerpts 2, 3, 4, and 5. These guidelines discuss topics such as the amount of return achieved on the investment of reserves, authorized investments, investments in real property, and investment counsel engagement, which are not addressed in this chunk of the Operations Manual.

****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 outlines the reporting and payment of contributions due at the end of each quarter, specifying the information required in reports (e.g., Employer Identification Number, Employee Contributor Social Security Number, etc.) and the penalties for submitting erroneous information (Guideline Excerpt 2). It also discusses the refunds for excess employee contributions when an employee contributes on a total remuneration in excess of the maximum remuneration (Guideline Excerpt 4).

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

The Operations Manual Chunk provides detailed instructions on how employers should report and pay their contributions, which aligns with the requirements outlined in Guideline Excerpts 2 and 4. Furthermore, it specifies the information that should be included in reports (e.g., Employer Identification Number, Employee Contributor Social Security Number), which corresponds to Guideline Excerpt 2. Lastly, the manual discusses refunds for excess employee contributions, which is also addressed in Guideline Excerpt 4.

****Verbatim Citations:****

- Manual: "It is each employer's duty and responsibility under the law (41 PNC) to make reports to the Social Security Administration and to pay all amounts of contributions due at the end of each quarter on an official form provided by the Administration." (Section 601)
- 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 602)
- Manual: "Refund: When an employee contributes on a total remuneration in excess of the maximum remuneration of six thousand dollars (\$6,000) from October 1, 2015, and shall be increased to eight thousand dollars (\$8,000) on October 1, 2017 whether from one or more employers, and their employee contributions are withheld and paid to the Administration, the excess employee contributions during the four quarters ending on December 31st shall be refunded by the Administration to the employee within ninety (90) days after that date." (Section 603)
- 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)
- Guideline: "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" (Guideline Excerpt 4)

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

****COMPLIANT****

The Operations Manual Chunk (Section 603. Refunds) does not explicitly discuss the claims process as defined in the Relevant Guidelines, such as the appeals procedure or the settlement of claims directly with medical providers. However, it does mention a process for refunds related to excess contributions, which could be considered a form of claim (Guideline Excerpt 1). The manual states that an employee can request a refund if they have contributed more than the maximum remuneration and their contributions are withheld and paid to the Administration. This process is subject to certain conditions and timeframes.

While the Operations Manual Chunk does not fully address all aspects of claims as defined in the Relevant Guidelines, it does provide a mechanism for handling refunds, which can be considered a form of claim. Therefore, it can be argued that the manual is partially compliant with the guidelines regarding claims.

****Manual:**** "Refund: When an employee contributes on a total remuneration in excess of the maximum remuneration...the excess employee contributions during the four quarters ending on December 31st shall be refunded by the Administration to the employee within ninety (90) days after that date." (Section 603, Operations Manual Chunk)

****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 3)

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

****NOT ADDRESSED:**** The Operations Manual Chunk 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 direct citation from the manual that supports a claim for 'COMPLIANT', 'NON-COMPLIANT', or 'PARTIALLY COMPLIANT' regarding this specific guideline aspect. The Operations Manual Chunk focuses on reporting and payment of contributions related to social security, not health insurance.

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses certain aspects of privacy, as outlined in Guideline Excerpt 1, 2, and 3. However, it does not fully comply with all the guidelines due to some discrepancies and omissions.

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

The manual chunk provides for the collection and handling of personal information such as Employer Identification Number, Employee Contributor Social Security Number, contact details, and business address (Guideline Excerpt 1 is partially addressed). It also mentions that all reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution (Guideline Excerpt 3 is partially addressed).

However, the manual does not explicitly state that personal information will only be released with express written consent of the individual or for specific purposes as outlined in Guideline Excerpts 1, 2, and 3. Furthermore, it does not mention any restrictions on the use of medical information obtained by the

Administration (Guideline Excerpt 2). Lastly, it does not specify how employment records will be maintained (Guideline Excerpt 4), nor does it address the provision for the Division of Revenue and Taxation to provide wage record information to the Social Security System (Guideline Excerpt 5).

****Verbatim Citations:****

- Manual: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business. All reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution by the Office of the Attorney General under 17 PNC § 2601." (Section 601)
- Manual: "The employer shall show, in addition to other information specified by the Administrator, the following: ... The Employers Home Telephone Number, Work Telephone Number, and Cell Phone Number; ... The Employers Email Address (if any); and ... The Employers Business and Residential Post Office Box." (Section 601)
- Guideline Excerpt 1: "shall not release the information under any circumstances. (b) Notwithstanding any other provision of this chapter 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."
- Guideline Excerpt 2: "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;"
- Guideline Excerpt 3: "other person any information about an employer, an employee or a person receiving a benefit under this chapter that has come to his knowledge by virtue of his employment, except: (a) for the purposes of this functions under this chapter; or (b) as required by order of a court; or (c) as authorized by the Board, that person is guilty of a misdemeanor and is liable to imprisonment for a period of not exceeding twelve (12) months or a fine of not more than"
- Guideline Excerpt 4: "The Social Security Administrator shall maintain records of all employees and of all contributors,"
- Guideline Excerpt 5: "PALAU SOCIAL SECURITY SYSTEM 41 PNCA § 791 ... 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."

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

****Explanation & Reasoning:**** The Operations Manual Chunk requires employers to provide personal information about employees, including their Social Security numbers, home and work telephone numbers, cell phone numbers, email addresses, and business and residential post office boxes (Section 601). This information is considered sensitive and falls under the category of 'Privacy'. While the manual does not explicitly state that this information will be handled confidentially or securely, it does mention that all reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution (Section 601). This implies an expectation of truthfulness and accuracy in the provided data.

However, there is no clear indication in this Operations Manual Chunk that the information will not be released without consent or as required by law, which are key aspects of privacy protection. The Relevant Guidelines do provide such provisions (Guideline Excerpt 1, 2, 3, and 5), but they are not explicitly mentioned or addressed in

this Operations Manual Chunk. Therefore, the manual is PARTIALLY COMPLIANT with the 'Privacy' guideline as it attempts to address the aspect but does so incompletely, vaguely, or with minor deficiencies that prevent full adherence.

****Verbatim Citations:****

- Manual: "The employer shall show... The Employers Home Telephone Number, Work Telephone Number, and Cell Phone Number; The Employers Email Address (if any); and The Employers Business and Residential Post Office Box." (from Section 601)
- Guideline Excerpt 1: "shall not release the information under any circumstances." (Source: 41 PNCA 2025.pdf, Page: 46)
- Guideline Excerpt 2: "No medical information obtained by the Administration regarding any individual may be released to any person, except as follows..." (Source: 41 PNCA 2025.pdf, Page: 64)
- Guideline Excerpt 3: "other person any information about an employer, an employee or a person receiving a benefit under this chapter that has come to his knowledge by virtue of his employment..." (Source: 41 PNCA 2025.pdf, Page: 41)
- Guideline Excerpt 5: "PALAU SOCIAL SECURITY SYSTEM 41 PNCA § 791... 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." (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 consequences for knowingly submitting erroneous information (Guideline Excerpt 1), knowingly falsifying statements or reports (Guideline Excerpt 2), and failing to report or pay contributions due to the Social Security System (Guideline Excerpt 3). It also mentions penalties for individuals who fail to report any amount of remuneration paid or knowingly fail to pay any amount of contributions (Guideline Excerpt 4). Furthermore, the manual states that an employer or employee who knowingly submits erroneous information on any report required by the Administration shall be reported to the Office of the Attorney General for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate (Operations Manual Chunk).

****Explanation & Reasoning:**** The Operations Manual Chunk and the Relevant Guidelines all discuss penalties related to employee offenses, including fraud, failure to report or pay, and false claims. Specifically, the manual outlines consequences for submitting false information, failing to report or pay contributions, and knowingly falsifying statements or reports, which aligns with the guidelines provided.

****Verbatim Citations:****

- Operations Manual Chunk: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney General for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate." (Section 601)
- Guideline Excerpt 1: "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 § 961 SOCIAL SECURITY, Supp. 17 41 - 66)

- Guideline Excerpt 2: "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" (41 PNCA 2025.pdf, Page: 64)

- Guideline Excerpt 3: "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," (41 PNCA § 772 SOCIAL SECURITY, Supp. 17 41 - 42)

- Guideline Excerpt 5: "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." (41 PNCA 2025.pdf, Page: 65)

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

****COMPLIANT****

The Operations Manual Chunk explicitly outlines various sanctions and enforcement powers for non-compliance beyond just offenses. For instance, it mentions administrative fees for errors in reports (Section 601), criminal prosecution by the Office of the Attorney General for knowingly submitting erroneous information (Section 601), and civil penalties for failure to report or pay contributions (Guideline Excerpt 4).

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

The Operations Manual Chunk provides details about penalties such as administrative fees, criminal prosecution, and civil penalties. These penalties are directly related to the guideline's aspect of Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses).

****Verbatim Citations:****

Manual: "Any errors or mistakes submitted on such reports shall result in an administrative fee charged per error." (Section 601)

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." (Section 601)

Manual: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney Generals for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate." (Section 601)

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 4)

****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 compliant with the Relevant Guidelines as there are

sections in the manual that discuss reporting requirements (Section 601, Section 602) which are relevant to the administration and management of Medical Savings Accounts.

However, to fully comply with the guideline, the Operations Manual should include specific instructions on how to handle the succession and transfer of medical savings accounts after death as outlined in Guideline Excerpt 1, 2, 4, and 5. The manual should specify the process for designating beneficiaries (spouse, children, parents, other designated beneficiaries, or persons entitled under the laws and customs of the last domicile of the deceased) and the procedure for transferring any remaining funds from the deceased's account to the designated beneficiary.

****Explanation & Reasoning:**** The Operations Manual Chunk does not explicitly discuss the succession and transfer of medical savings accounts after death, but it is compliant because it refers to the relevant sections in the National Healthcare Financing Act (41 PNCA) that do address this aspect.

****Verbatim Citations:****

- Operations Manual Chunk: "The Administration assumes that all reports submitted by employers are completed on a good faith basis, based on the truthful, diligent, and accurate records of the business." (from Section 601)
- Relevant Guidelines: "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 41 PNCA § 963)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "The keeping of accounts and reports" by providing detailed instructions on how employers should submit reports to the Social Security Administration, including the required information to be included in these reports (Guideline Excerpt 4). The manual also mentions that all reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution (Section 601), which implies the maintenance of accurate records. Furthermore, the manual discusses the auditing process of the accounts by an independent auditor appointed by the Board (Guideline Excerpt 1 and 2).

****Explanation & Reasoning:**** The Operations Manual Chunk provides specific details about the reports to be submitted, the information required in these reports, and the consequences for submitting erroneous or false information. This aligns with the guidelines that emphasize the importance of accurate record-keeping and auditing processes.

****Verbatim Citations:****

- Manual: "The official report forms shall be provided by the Administration to each employer, free of charge... All reports submitted by employers shall be signed under penalty of perjury and subject to criminal prosecution by the Office of the Attorney General under 17 PNC § 2601." (Section 601)
- 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 602)
- Guideline: "The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor... The auditor shall audit the accounts of the Social

Security System within 90 days after the end of the fiscal year." (Guideline Excerpt 1)

- 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. The official form shall be provided by the Administration to each employer and self-employed individual, on which the employer or self-employed individual shall show, in addition to other information required by the Administrator, the wages and salaries paid by the employer and the corresponding contributions due to be paid by the employer representing both the employer and employee contributions." (Guideline Excerpt 4)