Case management accounting assignment

Although maintaining the current plant- wide rate Is probably not Illegal, its continuation has one purpose: to extract profits from government business. Doug knows the plant-wide rate Is not accurately assigning overhead costs to various Jobs and Is willing to alter the assignments on an “ unofficial basis” for purposes of bidding on private-sector jobs. Fundamentally, ethical behavior is concerned with choosing right over wrong. To knowingly overcharge government for future business certainly seems so wrong.

To continue overpricing knowing the new overhead rates would more than make up for any lost profits from the government sector through more competitive bidding in the private sector is a clear indication of greed. While managers have an obligation to maximize profit and shareholders wealth, this obligation must be within ethical boundaries In addition, the solution proposed by Doug Is not ethical as he Is using a plant-wide rate as costing approach for both private and government business but he uses departmental overhead rate to make balding prices competitive.

This arises due to he company having two producing departments, one labor Intensive and the other is machine intensive. This is a violation of at least two major ethical standards: integrity and objectivity. The labor intensive department generates lesser overhead than machine-intensive department. Furthermore, virtually all of their high-volume jobs are labor-intensive. The company is using a plant-wide rate based on their direct labor hours to assign overhead to all Jobs. As a result, the high volume, labor Intensive Jobs receive greater share of the machine intensive department’s overhead than they really deserve.

This problem can greatly alleviated by switching to departmental overhead rates. But as most of the company's government contract work is done in the labor intensive department and the department overhead will push down the cost on the government jobs, the company will lose revenue. Dual-pricing approach will be used. Plant-wide overhead rate approach for official records and departmental overhead rate approach for bidding in private sector business, which is a practice that is highly unethical. 2. Tanya has an ethical obligation to communicate information and should always make sure that ethical standards are upheld In the company.

Tanya should first determine whether or not Gunderson has a corporate code of conduct. She can pursue the avenues suggested by the code. Check the violations committed and how can you address such violations. For example, If Tanya cannot persuade Doug to refrain from implementing his scheme, she should present her objections to Dough's needs to reach out on the higher management level. If no resolution is possible after appealing to all higher levels, the resignation may be the only remaining option. Case 9-55 DRP Roger Jones Cash Budget Cash collection and cash available Less: Cash disbursements Salaries Benefits

There is more none going out than there is more money coming in. Increase revenue to make up the deficiency or cut down costs or he can implement both. Three approaches can be applied to reach the goal of increasing revenue and cutting down costs. Alternative #1 : Extend office hours so that a total of 40 hours are worked each week. This could increase revenues by as much as $5, 340. Based on a four-week month, the current revenue earned per hour is $166. 88($21 , 360/128). Thus, the total revenue increase that is possible is hours). DRP.

Jones would need to inform his assistants and receptionists of the increased time ND indicate that each will receive a 15% increase in salary for the additional time. The office is currently open for 34 hours per week. Benefits are primarily PICA, SEA and unemployment insurance benefits, and other insurance benefits would also increase. Other expenses that will likely increase with an increase in sales are dental supplies, lab fees and utilities which is about 31% of the sales. The remaining expenses would be assumed as fixed expenses.

In all likelihood, this would require the receptionist to become involved in assisting. This may not be possible without laying off the receptionist and hiring a person that has both sets of skills. Additionally, using the receptionist as an assistant would result in phone calls going unanswered and/or incoming patients being ignored. C. Alternative #3: A third possibility is to increase the free charged for the various dental services. Assuming a variable cost ratio of 31% from Alternative 1, the increase in revenues needed to cover the $2, 900 deficiency can be computed as follows: 0. OR = $ 2, 900 R = $ 2900/0. 69 R = $ 4, 203 The increase would call for fees to increase an average of 19. 7%. Whether this increase is possible or not depends to some extent on how DRP. Jones' charges compare with other dentists in the area. If some increase is possible, then the increase could be combined with elements of the other two alternatives. For example, 10% increase in fees and working the extra hours per week, say Tuesday evening. I would expect DRP.

Jones to be more likely accept a combination like the one Just mentioned rather than accepting any of the approaches in their pure form. The behavioral principles discussed in the chapter do have a role in this type of setting. DRP. Jones' personal goal must be in line with the goals of his professional organization, and he must have the motivation to achieve those goals. That is, however, a significant difference. DRP. Jones owns and manages the organization. To large extent, his goals must be done the same way as the organization.