

Chapter: Decision Making

Activity Name: Innovative Patios – Online Group Activity

On Monday, May 26, Tina Gorman walked into Innovative Patios to begin her new job as Payroll Manager. She was met by June Thornbury, President and major shareholder of the company. June got to the point:

“Good, you’re here. I need a payroll plan by Friday. This place is a mess. Yesterday I got a call from Human Resources & Skills Development Canada. He said we aren’t filing ROEs. Do you know what they are?

We’ve got employees telling us that they get more tax deducted than their friends who earn the same amount. Jeff, our production manager is barking that he should have a tax credit for his kid. We’ve been fined for sending in employee taxes late. I don’t get it. I pay two people to run the administrative side of things and they mess things up.

I hear there are changes in the pipeline. I heard the federal budget, but I don’t know if we will benefit or not. Will it be just more paperwork? The bottom line is that I don’t want any more government types coming around here threatening me. Tell me what we have to do.”

Company History

Innovative Patios is a private corporation that installs patios stones made from recycled material. The company was started twenty years ago by June’s parents Elena and Seamus. Elena and Seamus were immigrants to Canada and earned a living through a small landscaping business. They hired workers on contract and paid in cash for many years until they were audited by the tax department. To avoid further problems, they incorporated the company five years ago, put their workers on the payroll and hired Zora as a bookkeeper to fill out all the government forms.

Payroll Department

Zora quickly became Innovative Patios’ office manager, human resources manager, financial administrator and payroll manager. The workload was overwhelming and she convinced June to hire Betty to help her. Betty suggested they use Quicken to keep track of all accounts including payroll.

Zora and Betty fill out all cheques by hand for the ten employees and fill out all the government forms by hand.

The company's remittances are based on a checklist Zora developed (See Exhibit).

Zora is unhappy because she works very hard, but everyone complains about things being wrong. When June landed a large contract that would require 15 more people be hired, Zora recommended that June hire a professional payroll manager. "I can handle the other stuff, but the Canada Revenue Agency and the employee complaints are driving me crazy. I just can't keep up. I will be as helpful as I can"

June led Tina to her office and rushed off to take care of a crisis on the loading dock. Before Tina could get settled, Zora walked in, "I'm so happy to meet you. Just tell me what you need and Betty and I will get it for you. The employees are paid bi-weekly and this Wednesday is a payday. I haven't prepared anything because I knew you would be here."

Exhibit:

Zora's Remittance list

Item	Amount	How much to remit	When
Payroll	Annual \$500,000	\$1,000.00 payroll remittance	Monthly Pay balance plus interest when assessment arrives
CPP	4.95% of earnings (to annual max)	\$1,920.00	Monthly
EI	1.83% of earnings (to annual max)	\$762.50	Year-end
HST	Net annual subject to HST \$400,000 at 13%	\$4,500.00	Monthly Use refund to go toward payroll remittances due

Please answer the following questions about the Innovative Patios case:

- a) Who are the key stakeholders in this case?
- b) What are the resources needed?
- c) What resources are available?
- d) What is the main issue in this case?

Discuss and post your group's recommended course of action.