



**Carleton**  
University

**Sprett**  
School of Business

## MANAGEMENT CONTROL SYSTEMS

BUSI4008A  
WINTER 2025

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<b>Office Hours:</b>	By appointment
<b>TA:</b>	TBD
<b>Office Hours:</b>	TBD
<b>Email:</b>	TBD
<b>Modality:</b>	In-person
<b>Class Times:</b>	Wednesdays 11:35am – 2:25pm

**In order to stay updated with important notifications and announcements from Carleton University, please download the Carleton University App. This will ensure you receive timely information regarding your courses and other university-related updates throughout the term.**

**Pre-requisites:** Fourth-year standing in B.Com. or B.I.B. or enrolment in the Post-Baccalaureate Diploma in Accounting with at least 2.0 credits completed in the program.

**Course Calendar Description** (from the [2024/2025 University Calendar](#))

Focuses on understanding control systems that can be used to implement firm strategies and oversee the firm. Integrates relevant issues from other functional areas: corporate governance, strategic uses of cost management, budgeting, internal controls, and performance evaluation systems in managerial planning and control.



## Course Description

Management control systems are the backbone of proper operation and accountability for any organization. They refer to the process by which an organization influences, to varying degrees, the behavior of employees and the output they produce through the use of formal and informal tools. Formal control typically relies on authority-based power arising from institutionalized mechanisms such as ownership or organizational structure. However, control can also be exercised through a broad range of informal mechanisms which can influence behavior and thus affect the probability of achieving specific outcomes. Organizational culture, risk management systems, corporate governance mechanisms, and performance assessment are all different sides of the same coin aimed at setting goals, monitoring execution, evaluating results, and allocating rewards and punishments in organizations. From that perspective, the making of managerial control processes and systems is essential for the long-term effectiveness and success of an organization.

This course focuses on managerial planning and control systems using the case method. It extends the concepts covered in the intermediate management accounting course and also integrates relevant contextual issues from other functional areas of organizations. The design of budgeting, cost management, performance measurement, performance evaluation, and reward systems, as well as governance and ethical issues, are examined. Emphasis is placed on the need for different control techniques and systems in different types of organizations and for balanced integrated systems, comprising both financial and nonfinancial controls and measures.

## Drop Course Policy

The deadline for academic withdrawal follows the dates prescribed by Carleton University: <https://calendar.carleton.ca/academicyear/>

The deadline to drop this course with full fee adjustment is **January 31st, 2025**. The last day to withdraw from full winter courses is **March 15th, 2025**.

## Learning Outcomes

1. Identify management control problems related to cost management, budgeting, performance measurement, performance evaluation, and reward systems, as well as, governance and ethics, in private, non-profit, and public organizations;
2. Evaluate an organization's management control systems and practices, considering relevant organizational and environmental factors, to remedy management control problems;
3. Recommend appropriate managerial actions and improvements to management control systems using analyses conducted;
4. Present the results and defend recommended courses of action.

## Reading(s)/Textbook(s)/Required Materials

Kenneth A. Merchant and Wim A. Van der Stede, *Management Control Systems: Performance Measurement, Evaluation and Incentives*, 5th Ed., Prentice-Hall, 2023.

- An e-text version of the above noted textbook is available if you prefer this to a print version.

- Available at the Carleton Bookstore for \$105.25 (most recent price available, subject to change). Students may purchase a used/second-hand copy of the textbook, so long as it is the 5<sup>th</sup> edition.

Additional required readings (free of charge) will be listed in Brightspace.

Internet access is also required.

### Methods of Evaluation

Reference	Component	Weight (% of final grade)	Due Date(s)
<b>A</b>	Weekly Homework Cases	15%	See below
<b>B</b>	Individual Assignment	20%	February 13, 2025
<b>C</b>	Team Project - Report	20%	March 28, 2025
<b>C</b>	Team Project - Presentation	10%	April 2, 2025
<b>D</b>	Final Exam (digital, in-person, e-proctored)	35%	To be scheduled during the exam period (April 11-26, 2025)
<b>Total</b>		<b>100%</b>	

Each component of your grade will be assigned a percentage score. Your final course grade will be a weighted average of each of these components, as per the weights defined in the table above.

#### A. Weekly Homework Cases (15%)

A weekly case will be assigned at the end of class, and you will submit your case response to Brightspace by 11:00am on the day of the next class (i.e. each Wednesday starting January 15). We will then begin the class with a case take-up by discussing and developing proposed solutions to the case. You are encouraged to critically reflect on your own case responses in comparison to the discussions held in class and identify areas for improvement. You must come to class to benefit from the case discussions – suggested solutions will not be posted on Brightspace (unless deemed necessary by the instructor). There will be a total of ten (10) opportunities to submit the weekly homework cases, of which eight (8) will be counted towards your grade. Therefore, each submission will be worth 1.875% of your final grade, for a total of 15% across eight (8) submissions. The full 1.875% will be granted based on the instructor's evaluation of whether the student made a genuine attempt at solving the case.

#### B. Individual Assignment (20%)

The individual assignment will consist of a case analysis and must be submitted to Brightspace by **11:59pm on February 13, 2025**. The assignment will become available in Brightspace on February 3, 2025, and students will work on their own to complete the assignment. Additional instructions will be provided in class and on Brightspace.

### **C. Team Project (25%)**

**Part 1 – Report (20%):** As a group, you are to prepare a written report on an organization selected from any field (manufacturing, merchandising, service, high-tech, non-profit, or government, etc.). The objective is to analyze the organization's management control systems and recommend improvements using concepts covered in the course. The team report must be submitted to Brightspace by **11:59pm on March 28, 2025**. Detailed instructions will be provided in class and in Brightspace. Groups will be created by the instructor and posted to Brightspace by January 17, 2025. All groups must select an organization and submit to Brightspace by January 31, 2025.

**Part 2 – Presentation (10%):** Presentations will take place in class on **April 2, 2025**. All groups will present on this day. Presentation materials will be due to Brightspace by March 31, 2025, so as to give time for the instructor to compile all materials. The presentations will be no more than ten (10) minutes in length, followed by a brief question period. Further instructions will be provided in class and on Brightspace.

### **D. Final Exam (35%)**

A final examination will take place during the university scheduled final exam period (April 11-26, 2025). The final exam is cumulative. University policy with respect to examinations will be strictly adhered to. Supplemental and grade-raising examinations are not available. **If the mark on the final exam is less than 45%, the final grade for the course will be an F.**

### **E-proctoring**

The final exam will be an in-person digital exam, meaning that students will use their laptops to write the exam at the university's scheduled exam location. Therefore, e-proctoring service provided by Scheduling and Examination Services will be used during the final exam. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

The minimum computing requirements for e-proctoring service are as follows:

- Hardware: Laptop
- OS: Windows 10, Mac OS 10.14, Linux Ubuntu 18.04
- Internet Browser: Google Chrome, Mozilla Firefox, Apple Safari, or Microsoft Edge

Note: Chromebooks, tablets (Android, iOS, Windows), and smartphones are not supported by CoMaS at this time. You must complete your exams using Windows-based or MacOS computers.

### **Late Coursework and Assignments**

Weekly homework cases – No late submissions will be accepted because the purpose of the homework is to prepare for the in-class case discussions. Students will only benefit from the in-class case discussion if they have attempted and submitted the homework case prior to the start of class, before the case has been debriefed. Students will have ten (10) opportunities to submit the weekly homework cases, of which only eight (8) will count towards their final grade; therefore, there is already flexibility offered to students. Any homework cases not submitted will receive a grade of zero (0).

Individual assignment – Assignments submitted past the due date will receive an initial penalty of 5%, plus additional penalties of 2% per day that the assignment is late. For example, a submission that would have earned a grade of 80% will receive 75% if submitted one day late, 73% if submitted 2 days late, and so on. Assignments that are not submitted after 10 days past the due date will receive a grade of 0. However, if you are unable to submit the assignment by the due date due to illness, injury, or other extraordinary circumstances beyond your control, you must notify the instructor no later than three (3) business day following the due date. An extension may be granted on a case-by-case basis at the instructor’s discretion, otherwise the penalties will apply and/or the assignment will receive a grade of zero (0) for failure to submit.

Team Project (Report and Presentation) - No late submissions will be accepted. Any team project component not submitted will receive a grade of zero (0).

### Deferred Examinations

If you wish to defer a **Formal Final Exam**, you – the student – must reach out to the registrar’s office with the proper documentation prior to the deadline (please refer to <https://carleton.ca/registrar/deferral/> for dates). Once the request has been put through, your instructor will be notified for their approval. Your final exam will be formally scheduled. If you miss the deadline for applying for a deferral, please reach out to your instructor personally to discuss.

### Preparation and Participation

Students are expected to come prepared to each class. Preparation includes the following:

- Reading the relevant textbook chapter(s) - as per tentative course schedule below
- Reading any additional articles assigned in Brightspace
- Preparing a response to the weekly homework case and engaging in classroom discussions to benefit from a collaborative learning environment.

### Course Schedule

Week #	Date	Topic(s)	Textbook Chapters
1	Jan 8	Introduction and CPA Way	1
2	Jan 15	Types of Controls	2 and 3
3	Jan 22	Control System Tightness Control System Costs Designing and Evaluating Control Systems	4, 5, and 6
4	Jan 29	Financial Responsibility Centres	7
5	Feb 5	Planning and Budgeting	8

6	Feb 12	Incentive Systems	9
<b>Feb 13 – Individual Assignment Due</b>			
Reading week – Feb 17-21			
7	Feb 26	Financial Performance Measures	10
8	Mar 5	Myopia Problem	11
9	Mar 12	Uncontrollable Factors	12
10	Mar 19	Corporate Governance Controllers and Auditors	15 and 16
11	Mar 26	Ethical Issues Management Control in NFP Organizations	17 and 14
<b>Mar 28 – Team Report Due</b>			
<b>Mar 31 – Team Presentation Materials Due</b>			
12	Apr 2	<b>In-class presentations</b>	N/A

Please note that the above schedule is preliminary and may change at the instructor’s discretion.

**Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):**

Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
<b>CHECK (X) ONE PER ROW</b>				
<b>BC1 Knowledge</b> <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				<b>X</b>
<b>BC2 Collaboration</b> <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>				<b>X</b>
<b>BC3 Critical Thinking</b> <i>Graduates will be discerning critical</i>				<b>X</b>

<i>thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>				
<b>BC4 Communication</b> <i>Graduates will be effective and persuasive in their communications.</i>				<b>X</b>
<b>BI5 Global Awareness (BIB ONLY)</b> <i>Graduates will be globally-minded.</i>				

## ADDITIONAL INFORMATION

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments, and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Required calculator in BUSI course examinations.

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership, and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

### Grading

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52

F = Below 50

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### **Academic Regulations**

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### **Requests for Academic Accommodation**

Carleton is committed to providing academic accessibility for all individuals. You may need special arrangements to meet your academic obligations during the term. The accommodation request processes, including information about the *Academic Consideration Policy for Students in Medical and Other Extenuating Circumstances*, are outlined on the Academic Accommodations website ([students.carleton.ca/course-outline](http://students.carleton.ca/course-outline)).

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

### **Pregnancy Accommodation**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](http://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Religious obligation**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](http://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Academic Accommodations for Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. [carleton.ca/pmc](http://carleton.ca/pmc)

### **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through



academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: [carleton.ca/sexual-violence-support](https://carleton.ca/sexual-violence-support)

### **Accommodation for Student Activities**

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: [students.carleton.ca/course-outline](https://students.carleton.ca/course-outline)

### **Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.

### **Sprott Student Services**

The Sprott Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at [bcom@sprott.carleton.ca](mailto:bcom@sprott.carleton.ca) or at [bib@sprott.carleton.ca](mailto:bib@sprott.carleton.ca).

### **Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the

classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas).

**Important Information:**

- Students must always retain a copy of all work that is submitted.
- All final grades are subject to the Dean's approval.

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- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://carleton.ca/its/get-started/new-students-2/>

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