



GRADUATE ACCOUNTING AND COMMERCE CENTRE

DIVISION OF ECONOMIC AND FINANCIAL STUDIES

ACCG 828 - MANAGEMENT CONTROL SYSTEMS

UNIT OUTLINE

SECOND SEMESTER 2007

(PROVISIONAL AT MAY 2007)

Unit Description

Management control systems are one of the main mechanisms by which managers implement an organization's strategy to achieve its goals. This unit is concerned with the design and operation of management control systems and, in particular, the accounting-related controls which are included in the management control systems of most organizations. This unit also considers situations where accounting controls are not effective and where other controls are appropriate. It is important to appreciate that accounting-related controls are part of the overall management control system and reinforce and support the non-accounting controls. Designing an appropriate management control system involves not only understanding accounting techniques (such as budgeting and variance analysis), but also the behavioural implications of those techniques.

The unit is divided into two parts: (i) the management control environment, which primarily deals with the design of the organizational infrastructure of management control systems (such as responsibility centres), and (ii) the management control process, which deals with the sequential steps which make up this process.

Unit Objectives and Learning Outcomes

The principal objectives and learning outcomes of the unit are that students be able to explain the main principles, frameworks, and models relating to the design, implementation, and operation of management control systems in organizations, and be able to apply these principles to case studies of realistic organizational situations.

In addition, Macquarie University seeks to provide an environment where students may develop and build on their generic skills, including foundation skills of literacy, numeracy and information technology; self-awareness and interpersonal skills, such as the capacity for self-management, collaboration and leadership; communication skills for effective presentation and cultural understanding; critical analysis skills to evaluate, synthesise and judge; problem-solving skills to apply and adapt knowledge to the real world; and creative thinking skills to imagine, invent and discover. In this unit, the interactive class meetings, use of frameworks and models, extensive use of case studies, and group work should be useful in this regard.

Assumed knowledge

Students enrolling in this unit are assumed to have successfully completed the equivalent of at least one undergraduate unit in management accounting.

Teaching Staff

Dr Robert Reeve. Email reeve@efs.mq.edu.au.

Classes

Two classes have been timetabled for this unit in second semester 2007. Classes will be held on Thursdays from 1.05 – 3.55pm in W6B320 and on Fridays from 8.05 – 10.55am in C4A320 on the dates shown in the class schedule below. Students will enrol in and attend **either** the Thursday class **or** the Friday class.

Textbook and other materials, and unit web page

Anthony, R.N. & Govindarajan, V. (2007) *Management Control Systems* (McGraw-Hill Irwin, 12th edition). If you cannot obtain a copy of the 12th edition the 11th edition is acceptable. You must have a copy of the 12th or 11th edition of this textbook.

Additional cases and other materials, including powerpoint slides for each chapter of the text, will be placed in the ACCG828 section on the GACC Resources website www.gacc.mq.edu.au and/or distributed in class. This website will be the main means of communicating with students outside class times so please check it regularly, especially if you miss a class.

Teaching and Learning Strategy, and Assessment

During the class meetings the material contained in the textbook chapters will be reviewed and discussed and/or case studies of realistic organizational situations will be analysed and discussed. You should prepare answers to all questions for all cases listed in the class schedule, even though you will only submit written answers to the questions for 2 cases for assessment.

The class meeting will be as interactive as possible and students are expected to participate constructively to the work of the class. It is in your interest to prepare properly for class meetings and participate constructively because the final examination requirements will be similar to the work done in class. Also, marks are awarded for class participation.

Assessment: Class participation 10%

You will be able to earn class participation marks in the two weeks when your group submits its case study assignments. A mark out of 5 will be awarded for attending the full class meeting and demonstrating that you have a very good understanding of your group's case study assignment.

Class participation is encouraged and is important for several reasons other than gaining participation marks. **First**, it provides information for judging how much each of you know about the topics being taught. **Second**, it encourages a smoothing of your workload. If you don't prepare the assigned work for the class, you won't be able to follow much of the class discussion, and you won't be able to recover the lost participation opportunity. **Third**, participation encourages you to be active, rather than passive, learners. **Fourth**, a participative class environment gives you a chance to practice your oral communication skills. **Finally**, class participation increases our chances of being able to take advantage of the experiences and perspectives of everyone in the class

Assessment: Case assignments 40%

Assignments should be prepared by groups of 2 to 4 students. Group assignments are encouraged because they bring more brainpower and different perspectives to bear on the case. They also develop students' abilities to collaborate and negotiate with others in order to achieve a common objective. The assignment cover page must be signed by each of the group members stating they agree they have contributed equally to the assignment and will all accept the same mark.

The groups in each class will be assigned to four sections for submitting case assignments. The groups in Section A will submit answers to Cases 3-3 and 8-1. The groups in Section B will submit answers to Cases ?? and 4-1. The groups in Section C will submit answers to Cases and 13-1. The groups in Section D will submit answers to Cases 5-4 and 11-3. A mark out of 20 will be awarded for each case. Please note that for several cases the questions will be different to those in the textbook. The revised questions will be advised in class and posted on the GACC Resources website. Usually they will be included in the powerpoint slides for the relevant chapter.

Assignments must be submitted in class on the due date unless acceptable arrangements have been made with Dr Reeve. Assignments must be neatly typed (word-processed) using one-and-a-half spacing with spaces between paragraphs and 2.5 cm margins. They must include the assignment coversheet declaration regarding plagiarism. A copy of this coversheet is at the end of this document. Guidance on the length of the assignments will be given in class.

Plagiarism

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Postgraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

Assessment: Examination 50%

The examinations will be held in the class times on Thursday 8th November at 1.15pm and Friday 9th November at 8.15am (2½ hours, open book). They will comprise a case study or case studies covering the whole unit. The examination is compulsory. Students must pass the examination in order to obtain a Pass grade or better in this unit. Calculators, and paper dictionaries, are permitted in the examination. More details regarding the examination will be provided nearer the time.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at www.reg.mq.edu.au/Forms/APSCon.pdf

You are advised that it is Macquarie University policy not to set early or delayed examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official University examination period, and can attend the exam at the designated time and place.

University Policy on Grading

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

HD High Distinction 85-100%

Denotes performance which meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition.

D Distinction 75-84%

Denotes performance which clearly deserves a very high level of recognition as an excellent achievement in the unit.

Cr Credit 65-74%

Denotes performance which is substantially better than would normally be expected of competent students in the unit.

P Pass 50-64%

Denotes performance which satisfies unit objectives.

PC Pass Conceded 45-49%

Denotes performance which meets unit objectives only marginally.

F Fail 0-44%

Denotes that a candidate has failed to complete a unit satisfactorily.

FA Fail Absent 0-44%

Denotes that a candidate has failed to complete a unit satisfactorily and was absent from a compulsory final examination

W Withdrawn

No grade as student withdrew with permission prior to final examination

I Incomplete

Grade yet to be determined as all assessment tasks have not yet been completed

IS Incomplete Supplementary

Supplementary examination approved and yet to be completed

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see

www.mq.edu.au/senate/MQUOnly/Issues/Guidelines2003.doc or

www.mq.edu.au/senate/MQUOnly/Issues/detailedguidelines.doc.

Student Support Services

Macquarie University provides a range of Academic Student Support Services. Details of these services can accessed at www.student.mq.edu.au

PROVISIONAL CLASS SCHEDULE

Date	Details
Week 1 (2,3 Aug)	Introduction to the unit Chapter 1: The nature of management control Chapter 2: Understanding strategies (start)
Week 2 (9,10 Aug)	Chapter 2: Understanding strategies (finish) Porter, M. (1997). Porter on strategy. <i>Asian Business Review</i> . March. (to be distributed) Chapter 13: Controls for differentiated strategies (overview)
Week 3 (16,17 Aug)	Case 3-1 Southwest Airlines Corporation Chapter 3: Behavior in organizations
Week 4 (23,24 Aug)	Case 3-3: Rendell Company (Section A assignment) Chapter 4: Responsibility centres (revenue & expense centres) Chapter 5: Responsibility centres (profit centres)
Week 5 (30,31 Aug)	Case: To be advised (Section B assignment) Chapter 6: Transfer pricing Chapter 15: Multinational organizations (overview)
Week 6 (6,7 Sep)	Case: To be advised (Section C assignment) Chapter 7: Measuring and controlling assets employed
Week 7 (13,14 Sep)	Case 5-4: Abrams Company (Section D assignment) Chapter 8: Strategic planning Chapter 14: Service organizations (overview)
Two week mid-semester break	
Week 8 (4,5 Oct)	Case 8-1: Allied Office Products (Section A assignment) Chapter 9: Budget preparation
Week 9 (11,12 Oct)	Case 4-1: Vershire Company (Section B assignment) Chapter 10: Analyzing financial performance reports
Week 10 (18,19 Oct)	Case 13-1: Pelican Instruments Inc (Section C assignment) Chapter 11: Performance measurement
Week 11 (25,26 Oct)	Case 11-3: CUP Corporation (Section D assignment) Chapter 12: Management compensation
Week 12 (1,2 Nov)	Case: To be advised Revision and concluding comments
Week 13 (8,9 Nov)	EXAMINATION

MACQUARIE UNIVERSITY

Assignment Coversheet Declaration

Unit **Assignment**

Name..... Student number

Name..... Student number

Name..... Student number

Name..... Student number

We certify that:

- This assignment is our own work, based on our personal study and/or research
- We have acknowledged all material and sources used in the preparation of this assignment, including any material generated in the course of our employment
- If this assignment was based on collaborative preparatory work, as approved by the teachers of the unit, we have not submitted substantially the same final version of any material as another student/s
- Neither the assignment, nor substantial parts of it, have been previously submitted for assessment in this or any other institution
- We have not copied in part, or in whole, or otherwise plagiarised the work of other persons
- We have read and we understand the criteria used for assessment
- The assignment is within the word and page limits specified
- The use of any material in this assignment does not infringe the intellectual property / copyright of any third party
- We understand that this assignment may undergo electronic detection for plagiarism, and a copy of the assignment may be retained on the database and used to make comparisons with other assignments in future
- We have contributed equally to the preparation of this assignment and agree to receive the same mark

Signature **Date**

Signature **Date**

Signature **Date**

Signature **Date**

This declaration is a summary of the University policy on plagiarism. For the policy in full, please refer to Student Information in the Handbook of Undergraduate Studies or www.student.mq.edu.au/plagiarism/.

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