

Solution:

(1)

This is an example of the internal control weakness where the manager can easily manipulate accounting records, since the auditors cannot consult the external ones. This reduces confidence of the employees and shareholders on the company and causes their value to plummet.

There should be, hence, a regular external auditing. This is beneficial because it ensures trust is there and the company is held accountable for its records.

(2)

There are no safeguards with regards to the performance of Mr. Fred Gladstone. This is disastrous because it can result in clearly cooking of the books.

A solution is to ensure that there are people and separations of duties is implemented.

(3)

This is a classical example of unsupervised authorization. The person, Isabelle Reed, can easily manipulate the revenues and expenditures since she is authorized with the power to track the revenues and expenditures end-to-end, without any regulatory or supervising person (the post is vacant according to their laziness!).

This is a clear violation of separation of duties concept. The solution is to either appoint a supervisor immediately or try to separate the work into several people, to make it harder to give autonomy.