

CFE-Fraud-Prevention-and-Deterrence Dumps

Certified Fraud Examiner - Fraud Prevention and Deterrence Exam

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NEW QUESTION 1

According to The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, which of the following should the internal audit team evaluate in its assessment of the risk management process?

- A. The materiality of the organization's financial statements
- B. The organization's fraud risk management initiatives
- C. The management team's assessment of the internal controls over financial reporting
- D. The organization's risk exposures relating to the sale of assets

Answer: B

NEW QUESTION 2

The internal auditor's fraud-related responsibilities include which of the following?

- A. Evaluating whether management is actively retaining responsibility for oversight of the fraud risk management program
- B. Attesting that the organization's financial statements are free of material misstatements caused by fraud
- C. Reporting to regulators regarding the entity's vulnerability to fraud
- D. Overseeing management's actions to manage fraud risks

Answer: C

NEW QUESTION 3

Which of the following is FALSE regarding a background check policy for employees?

- A. Where permitted by law
- B. management should run a background check on any existing employee who is being promoted to a position that includes access to sensitive or valuable company resources, even if a background check was run on the individual at the time of hire
- C. When verifying past employment, management should only ask previous employers to verify the dates the candidate was employed.
- D. As part of the screening process, management should contact the references provided by the job candidate
- E. At a minimum, management should conduct a background check on any candidate who will have constant access to cash, checks, and credit card numbers, or other easily stolen items.

Answer: B

NEW QUESTION 4

Which of the following theories suggests that, when considering the possibility of violating a law, people are likely to ask themselves, "What would my family and friends think if they find out?"

- A. Cognitive theory
- B. Social control theory
- C. Behavioral theory
- D. Routine activities theory

Answer: B

NEW QUESTION 5

Which of the following statements about the fraud risk assessment process is MOST ACCURATE?

- A. To ensure the independence of the team members a fraud risk assessment must be conducted by a consultant or other external party.
- B. The assessment team must be perceived as independent and objective by others for the assessment to be effective
- C. If the individuals conducting the fraud risk assessment truly believe that fraud could not happen at the organization the assessment process should reflect that belief.
- D. The fraud risk assessment is most effective when management's influence on the process is limited.

Answer: A

NEW QUESTION 6

During the course of a fraud examination, Stefan, an employee of Acme Inc., approaches Marten, a Certified Fraud Examiner (CFE) and fellow employee of Acme, and tells him that he knows of a major fraud being committed by the chief financial officer (CFO). However, Stefan says he can only provide details if Marten promises him absolute confidentiality. How should Marten respond?

- A. Agree that the information will be held in confidence, even though Marten knows it will not be
- B. Take Stefan's request straight to Acme Inc.'s management
- C. Tell Stefan that he will try to keep the information as confidential as possible
- D. Not agree to the request for confidentiality

Answer: C

NEW QUESTION 7

Maria conducted a fraud examination that led to a valid confession of guilt from Rita. In Maria's verbal report to her superiors, she stated that, in her opinion, "Rita is guilty of embezzlement." Maria has just violated the ACFE Code of Professional Ethics.

- A. True
- B. False

Answer: B

NEW QUESTION 8

Which of the following principles of corporate governance pertains to the duty of the organization to act in the best interest of society?

- A. Responsibility
- B. Fairness
- C. Transparency
- D. Accountability

Answer: B

NEW QUESTION 9

According to modern criminological studies, which of the following is the determinant aspect of white-collar crime'?

- A. Organizational opportunity
- B. Absence of risk factors
- C. Potential legal punishment
- D. Social status

Answer: D

NEW QUESTION 10

According to the 2018 Report to the Nations, which of the following is the most common method by which frauds are detected?

- A. Confession
- B. External audit
- C. Tips
- D. Internal audit

Answer: C

NEW QUESTION 10

An effective system of internal controls:

- A. Decreases the perception that fraud will be detected
- B. Focuses more on detective controls than preventive controls
- C. Focuses more on preventive controls than detective controls
- D. Does not completely eliminate the risk of fraud

Answer: C

NEW QUESTION 11

Julia is conducting a formal assessment of XYZ Corporation s ethical culture To which of the five components of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control—Integrated Framework (the Framework) does her assessment pertain?

- A. Control environment
- B. Monitoring
- C. Control activities
- D. Information and communication

Answer: A

NEW QUESTION 12

According to the 2018 Report to the Nations. schemes are the most common form of occupational fraud, while schemes are the costliest form of occupational fraud

- A. Financial statement fraud, corruption
- B. Asset misappropriation; financial statement fraud
- C. Asset misappropriation; corruption
- D. Corruption; asset misappropriation

Answer: C

NEW QUESTION 13

Employee anti-fraud education should:

- A. Include examples of prior employee misconduct and how those situations were handled
- B. Include descriptions of the procedures that management uses to detect fraud.
- C. Be restricted to formal educational mechanisms to reinforce the importance of the message
- D. Be presented by organizational executives or anti-fraud professionals only

Answer: A

NEW QUESTION 18

Consistently punishing perpetrators can be an effective fraud prevention mechanism.

- A. True
- B. False

Answer: B

NEW QUESTION 21

In response to an employee's failure to meet performance expectations, a manager demotes the employee to a junior-level position. This is an example of what type of behavioral response?

- A. Negative reinforcement
- B. Punishment
- C. Positive reinforcement
- D. None of the above

Answer: D

NEW QUESTION 24

Which of the following is FALSE regarding proactive fraud auditing procedures?

- A. Implementing proactive fraud audit procedures demonstrates management's intention to aggressively seek out possible fraudulent conduct
- B. Fraud audit procedures should be designed to incorporate an element of surprise.
- C. Analytical review of the financial statements is best used to uncover small frauds that might be missed by other detection methods
- D. Fraud assessment questioning techniques are most appropriately used as part of the normal audit process

Answer: C

NEW QUESTION 29

Independent auditors play a critical role in enhancing the reliability of financial information by financial position and performance in compliance with accepted accounting standards.

- A. True
- B. False

Answer: A

NEW QUESTION 31

Which of the following is TRUE regarding the reporting of the fraud risk assessment results?

- A. A fraud risk assessment report should reflect the assessment team's subjective perspective regarding the risks identified
- B. The fraud risk assessment report should be delivered in a style most suited to the language of the business
- C. The fraud risk assessment report should contain a detailed, comprehensive list of every assessment finding
- D. All of the above

Answer: D

NEW QUESTION 32

Which of the following is an example of organizational crime?

- A. doctor conspiring with patients to file false health care insurance claims
- B. A salesman offering bribes to secure a contract
- C. An accounting clerk forging company checks to herself
- D. Management of several construction companies engaging in bid rigging

Answer: C

NEW QUESTION 33

In identifying the inherent fraud risks that could apply to the organization, the fraud risk assessment team should discuss

- A. The possibility of management override of controls
- B. Risks to the organization's reputation
- C. The organization's incentive programs
- D. All of the above

Answer: D

NEW QUESTION 35

The findings of the 2018 Report to the Nations include all of the following EXCEPT:

- A. More occupational frauds are committed by women than by men.
- B. The majority of employees who commit occupational fraud are first-time offenders.
- C. The median losses caused by executives are higher than those caused by staff-level employees
- D. The most commonly reported red flag displayed by fraud perpetrators prior to the detection of their crime is living beyond their means

Answer: C

NEW QUESTION 37

Which of the following statements is TRUE regarding how fraud examiners should exercise professional skepticism during a fraud examination engagement?

- A. Professional skepticism involves maintaining a mindset that no fraud has occurred
- B. Fraud examiners should not relax their skeptical attitudes even if there are no signs of fraudulent activity.
- C. Fraud examiners should form the engagement hypothesis without regard to the available preliminary information
- D. Professional skepticism means beginning all assignments with the belief that something is amiss

Answer: D

NEW QUESTION 40

The fact that most groups within groups a society have the same ideas of right and wrong greatly assists in the ability to determine the correct ethical decision in a given situation.

- A. True
- B. False

Answer: B

NEW QUESTION 44

During a fraud risk assessment, (he assessment (earn is seeking information on the ethical tone set by upper and middle managers The team members determine that, for this task, they would like to get candid one-on-one feedback from employees away from their peers. Which of the following techniques would be most helpful for them to use in gathering this information?

- A. Surveys
- B. Anonymous feedback mechanisms
- C. Interviews
- D. Focus groups

Answer: B

NEW QUESTION 47

Which of the following is NOT a purpose served by a professional organization s code of conduct?

- A. It provides more direct solutions to professional ethical dilemmas than might exist under general ethical principles
- B. It serves as a reference and benchmark for ethical guidance
- C. It provides clear answers to all ethical dilemmas the organization s members might face
- D. It facilitates practical enforcement and profession-wide internal discipline

Answer: B

NEW QUESTION 51

Which of the following statements is FALSE?

- A. Controls do little good in preventing theft and fraud if those at risk do not know of their presence
- B. Most experts agree that it is harder to detect frauds than to prevent them
- C. Conducting covert audits is among the most effective fraud prevention methods
- D. Educating employees about company hotlines and reporting programs increases their perception of detection

Answer: A

NEW QUESTION 55

Which of the following is NOT an effective way to help prevent fraud through the organization's performance measurement and management programs?

- A. Establishing well-defined job descriptions to facilitate performance evaluations
- B. Evaluating employee performance based solely on productivity and profit
- C. Tying employee compensation to reasonable organizational performance goals
- D. Providing regular training to ensure that all employees are sufficiently prepared to perform their tasks

Answer: B

NEW QUESTION 59

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