



ACFE

Exam Questions CFE-Financial-Transactions-and-Fraud-Schemes

Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam

NEW QUESTION 1

_____ may be defined as the offering, giving, receiving or soliciting anything of value to influence an official act.

- A. Corruption
- B. Diverting business to vendors
- C. Bribery
- D. Lacking approval authority

Answer: C

NEW QUESTION 2

False billing scheme states that:

- A. employees do not cause their company to purchase merchandise that the company does not need.
- B. employees cause their company to sale merchandise that the company does not need.
- C. employees do not cause their company to sale merchandise that the company does not need.
- D. employees cause their company to purchase merchandise that the company does not need

Answer: D

NEW QUESTION 3

What is sometimes used to overcome well-designed internal controls of a victim company?

- A. Shell company
- B. Fraudulent invoices
- C. Collusion
- D. Rubber stamp supervisors

Answer: C

NEW QUESTION 4

The seller's price to the buyer is not fixed or determinable when:

- A. When the price is not contingent on some future events
- B. The transaction includes an option to exchange the product for others.
- C. A service or membership fee is not subject predictable cancellation during the contract period.
- D. Payment terms are not extended for a substantial period.

Answer: B

NEW QUESTION 5

Which of the following is NOT the phase of the bidding process?

- A. Presolicitation
- B. Postsolicitation
- C. Solicitation
- D. Submission

Answer: B

NEW QUESTION 6

Organizations that had external audits actually had higher median losses and longer lasting fraud schemes than those organizations that were not audited.

- A. True
- B. False

Answer: A

NEW QUESTION 7

_____ increase assets and expenses and/or decrease liabilities and/or equity

- A. Journal Entries
- B. Debit
- C. Credit
- D. None of all

Answer: B

NEW QUESTION 8

A process by which several bidders conspire to split contracts up and ensure that each gets a certain amount of work is called:

- A. Bid opening
- B. Fictitious Bidding

- C. Bid pooling
- D. Bid log

Answer: C

NEW QUESTION 9

Which of the four basic measures, if properly installed and implemented may help prevent inventory fraud?

- A. Proper documentation, segregation of duties, independent checks and physical safeguards
- B. Proper documentation, segregation of duties, independent checks and inventory control
- C. Proper documentation, physical padding, independent checks and physical safeguards
- D. prenumbered affiliations, segregation of duties, independent checks and physical safeguards

Answer: A

NEW QUESTION 10

What can make it easy for an employee to skim sales or receivables?

- A. Revenue sources and recording procedures
- B. Poor collection and recording procedures
- C. Internal audits and recording procedures
- D. Register manipulations and recording procedures

Answer: B

NEW QUESTION 10

Larceny by Fraud or deception means that:

- A. Creates or reinforce a false impression
- B. Fails to correct a false impression
- C. Fails to disclose a known lien, adverse claim or other legal impediment
- D. All of the above

Answer: D

NEW QUESTION 14

The more power a person has over the bidding process, the more likely the person can influence the selection of a supplier.

- A. True
- B. False

Answer: A

NEW QUESTION 17

_____ is a process by which a bookkeeper records all transactions and can adjust the books.

- A. Journal Entries
- B. Accounting Cycle
- C. Financial statement
- D. None of all

Answer: A

NEW QUESTION 21

A variation between the physical inventory and the perpetual inventory totals is called:

- A. Altered inventory
- B. Account receivable
- C. Shrinkage
- D. Write-offs

Answer: C

NEW QUESTION 23

The scheme in which the same vendor is receiving favorable treatment van be found in purchases by vendor searches.

- A. True
- B. False

Answer: A

NEW QUESTION 28

Which of the following is NOT the reason why senior management will overstate business statement?

- A. Comply with debit covenants
- B. Meet personal performance criteria
- C. Trigger performance related compensation
- D. Show a pattern of growth to support sale of a business

Answer: A

NEW QUESTION 29

Depreciation is especially applicable when companies try to overvalue their assets and net worth; the lower their depreciation expense, the higher the company's profits.

- A. True
- B. False

Answer: A

NEW QUESTION 34

_____ means that traditional bribery statutes proscribe only payments made to influence the decisions of government agents or employees.

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Official act

NEW QUESTION 38

Which of the following is the criterion for bid solicitation?

- A. Containing false statements
- B. Allowing the purchaser to discuss possible employment with the contractor
- C. To withdraw low bids
- D. To falsify the bid log

Answer: B

NEW QUESTION 41

_____ revenues involve the recording sales of goods or services that did not occur.

- A. Fictitious or fabricated revenues
- B. Financial revenues
- C. Red flag revenues
- D. Concealed revenues

Answer: A

NEW QUESTION 46

The person or persons who have access to _____ are often the targets of unethical vendors seeking an advantage in the process.

- A. Bid-splitting
- B. Sealed bids
- C. General purchasing
- D. Tailor specifications

Answer: B

NEW QUESTION 48

Every bribe is a two-sided transaction, in which where a vendor bribes a purchaser, there is someone on the vendor's side of the transaction who is not making an illicit payment.

- A. True
- B. False

Answer: B

NEW QUESTION 51

The scheme which reduces victim companies to issue fraudulent payments for goods or services that they have not received is called:

- A. Bogus claims
- B. Billing scheme
- C. Reliance billing
- D. Misappropriate claims

Answer: A

NEW QUESTION 54

One final means of concealing a register scheme, as with many kinds of fraud, is to destroy all records of the transaction.

- A. True
- B. False

Answer: A

NEW QUESTION 59

A person is said to be in _____ act, when the business which he transacts, or the money or property which he handles, is not for his own benefit, but for another person:

- A. Fiduciary Capacity
- B. Embezzlement
- C. Conversion
- D. None of the above

Answer: A

NEW QUESTION 62

Which of the following search is used for unusually high incidence of returns and allowances scheme?

- A. Allowances by vendors
- B. Disposals of allowances than reorders
- C. Returns and allowances
- D. None of the above

Answer: C

NEW QUESTION 67

_____ should be examined to see that all are properly documented and that inappropriate payments have not been made to employees.

- A. Payable cash
- B. Cash advances
- C. counterfeit checks
- D. Payable checks

Answer: B

NEW QUESTION 71

In which of the following process, all bidders are legally supposed to be placed on the same plane of equality, bidding on the same terms and conditions?

- A. Bid-rigging
- B. Kickbacks
- C. Competitive bidding
- D. Bid solicitation

Answer: C

NEW QUESTION 75

The heart of book keeping system is the _____.

- A. Asset
- B. Liability
- C. Checkbook
- D. Journal

Answer: C

NEW QUESTION 76

Theft of incoming checks usually occurs when _____ is (are) in charge of opening the mail and recording the receipt of payments.

- A. Single employee
- B. Two employees
- C. More than two employees
- D. None of the above

Answer: A

NEW QUESTION 81

Entering a sales total lower than the amount actually paid by the customer is called:

- A. Underrings a sale
- B. Recording a sale procedure

- C. Internal sales audits
- D. All of the above

Answer: A

NEW QUESTION 85

Which of the following are not of Basic types of non-sharable problems?

- A. Violation of ascribed obligations
- B. Business reversals
- C. Physical Isolation
- D. Larceny by Fraud

Answer: D

NEW QUESTION 87

A technique by which checks are numbered using a new technique that is revealed by a colored highlighter pen or by a bright light held behind the check is called:

- A. Microline numbering
- B. Holographic safety border
- C. Embossed pearlescent numbering
- D. None of the above

Answer: B

NEW QUESTION 90

Fraudsters use the accounting system as a tool to generate the results they want in _____ approach:

- A. Organized accounting
- B. Playing the accounting
- C. beating accounting
- D. All of the above

Answer: B

NEW QUESTION 93

Physical tampering prevention is a check tampering technique that is used to secure bankassisted controls.

- A. True
- B. False

Answer: B

NEW QUESTION 95

The behavior profile of employees who are involved in bribery schemes may include:

- A. Gambling habit
- B. Extravagant lifestyle
- C. Drug and/or alcohol addiction
- D. All of the above

Answer: D

NEW QUESTION 99

A technique by which checks are numbered using a new technique that is revealed by a colored highlighter pen or by a bright light held behind the check is called:

- A. Microline numbering
- B. Holographic safety border
- C. Embossed pearlescent numbering
- D. None of the above

Answer: B

NEW QUESTION 101

Maintain the presence of a manager or supervisor near the area of the cash register as a deterrent to theft is a prevention for:

- A. Fraudulent statement scheme
- B. Asset misappropriation scheme
- C. Larceny scheme
- D. Register disbursement scheme

Answer: D

NEW QUESTION 103

Another way to eliminate competition in the solicitation phase of the selection process is to:

- A. Solicit bid from fictitious suppliers
- B. Solicit transaction from fictitious vendors
- C. Solicit bid-splitting from fictitious vendors
- D. None of the above

Answer: A

NEW QUESTION 104

Which of the following can constitute a bribe, even if the illicit payment is never actually made?

- A. Offering a payment
- B. Corruption in payment
- C. kickback payment
- D. Overbilling in payment

Answer: A

NEW QUESTION 105

According to accounting principles, _____ and _____ should be recorded or atched in the same accounting period; failing to do so violates the matching principle of AAP.

- A. Revenue and corresponding expenses
- B. Revenue and Income statement
- C. Income statement and Long-term contracts
- D. Capitalized expenses and Liabilities

Answer: A

NEW QUESTION 106

Maintain the presence of a manager or supervisor near the area of the cash register as a deterrent to theft is a prevention for:

- A. Fraudulent statement scheme
- B. Asset misappropriation scheme
- C. Larceny scheme
- D. Register disbursement scheme

Answer: D

NEW QUESTION 108

Which of the following is NOT the method for stealing inventory and other assets?

- A. Larceny schemes
- B. Asset requisition and transfer
- C. Purchasing and receiving schemes
- D. Sales & Equipment handling

Answer: D

NEW QUESTION 113

Which are check tempering frauds in which an employee prepares a fraudulent check and submits it usually along with legitimate checks to an authorized maker who signs it without a proper review?

- A. Endorse check scheme
- B. Legitimate check scheme
- C. Payable check scheme
- D. Concealed check scheme

Answer: D

NEW QUESTION 117

_____, one of the Fraud synonyms implies that deceiving so thoroughly as to obscure the truth:

- A. Deceive
- B. Delude
- C. Mislead
- D. Beguile

Answer: B

NEW QUESTION 118

Skimming cases can more likely to be detected by:

- A. Internal audits

- B. Accidents
- C. Internal controls
- D. occupational frauds

Answer: B

NEW QUESTION 120

Financial statement fraud is committed by:

- A. Organized criminals
- B. Mid and lower level employees
- C. Senior Management
- D. All of the above

Answer: D

NEW QUESTION 123

The excess credits (or debits) on the income statement are used to decrease (or increase) the equity account.

- A. True
- B. False

Answer: B

NEW QUESTION 128

When a victim company purchases unnecessary goods or services from a supplier at the direction of the corrupt employee, this results in:

- A. Presolicitation scheme
- B. Need recognition scheme
- C. False sole-source scheme
- D. Submission scheme

Answer: B

NEW QUESTION 130

_____ should be examined to see that all are properly documented and that inappropriate payments have not been made to employees.

- A. Payable cash
- B. Cash advances
- C. counterfeit checks
- D. Payable checks

Answer: B

NEW QUESTION 132

The principal way to detect omitted credits from books of account is through:

- A. Forced Balance
- B. Trend analysis
- C. Expense account
- D. None of all

Answer: B

NEW QUESTION 136

When situational pressures and perceived opportunities are low and personal integrity is high, occupational fraud is much more likely to occur than when the opposite is true.

- A. True
- B. False

Answer: B

NEW QUESTION 138

Assets that are long-lived and that differ from property, plant and equipment that has been purchased outright or acquired under a capital lease are:

- A. Tangible Assets
- B. Intangible Assets
- C. Forced Assets
- D. None of above

Answer: B

NEW QUESTION 143

The most common method for billing scheme is:

- A. Register
- B. Tips
- C. Accident
- D. None of the above

Answer: B

NEW QUESTION 148

_____ can be defined as conduct detrimental to the organization and to the employee.

- A. Employee deviance
- B. Employee theft
- C. Employee fraud
- D. All of the above

Answer: A

NEW QUESTION 151

The essential elements of a _____ are an actual or constructive taking away of the goods or property of another with the without the consent and against the will of the owner and with a felonious intent.

- A. Larceny
- B. Abuse
- C. Fiduciary
- D. None of the above

Answer: A

NEW QUESTION 154

_____ corrupt employees can cause inventory to be fraudulently delivered to themselves or accomplices.

- A. False shipping slip
- B. False packing slip
- C. Fraudulent inventory slip
- D. False credit slip

Answer: B

NEW QUESTION 159

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