



ACFE

Exam Questions CFE-Fraud-Prevention-and-Deterrence

Certified Fraud Examiner - Fraud Prevention and Deterrence Exam

NEW QUESTION 1

According to behaviorists such as B F Skinner, which of the following scenarios is mostly likely to occur when an undesired behavior is punished?

- A. The behavior will be permanently suppressed
- B. The behavior will return when punishment ceases
- C. The behavior will occur more frequently.
- D. The behavior will not be affected by the punishment

Answer: A

NEW QUESTION 2

Which of the following is NOT included in the five fraud risk management principles described

- A. Communicating the expectations of those governing the fraud risk management program
- B. Deploying preventive and detective fraud control activities to mitigate fraud risk
- C. Performing comprehensive fraud risk assessments to identify specific fraud schemes
- D. Developing one-time evaluations for each fraud risk management principle

Answer: D

NEW QUESTION 3

According to the authors of Crimes of the Middle Classes, all of the following factors have contributed to the rising problem of economic crime EXCEPT:

- A. The continued pressures of a culture that rewards affluence and success
- B. The economy's increased reliance on credit
- C. The decrease in funds available from government assistance programs
- D. The increased opportunity for wrongdoing as a result of advancing information technologies

Answer: D

NEW QUESTION 4

Fraud risks related to corruption include all of the following EXCEPT

- A. Espionage by competitor
- B. Aiding and abetting vendor fraud
- C. Payment of bribes
- D. Receipt of kickbacks

Answer: D

NEW QUESTION 5

White, a Certified Fraud Examiner (CFE), was hired to conduct a fraud examination. She did not find fraud, but, in White's opinion, there were several internal control deficiencies that, if not remediated, could facilitate the occurrence of fraud. Under the ACFE Code of Professional Ethics, White may include her opinion on the controls in her report to management

- A. True
- B. False

Answer: A

NEW QUESTION 6

Which of the following statements regarding white-collar defendants is TRUE?

- A. The lower the offenders' social status, the more likely they are to be imprisoned
- B. They are more likely to be fined than to face prison terms as punishment
- C. They are less likely to insist on a trial than other offenders
- D. All of the above

Answer: B

NEW QUESTION 7

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 8

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 9

Jenny is a highly respected employee at XYZ Corp Her husbands gambling addiction has caused them to have a significant amount of debt Jenny begins stealing money from the company to cover her husbands gambling losses. This situation best illustrates which leg of the Fraud Triangle?

- A. Perceived opportunity
- B. Rationalization
- C. Perceived non-shareable financial need
- D. Perceived acquiescence

Answer: C

NEW QUESTION 10

Which of the following best describes the purpose of The National Commission on Fraudulent Financial Reporting (the Treadway Commission)?

- A. Studying the effect of the threat of vicarious liability on the behavior of corporate executives
- B. Designing a model corporate compliance program
- C. Defining the responsibility of the auditor in preventing and detecting fraud
- D. Determining the specific requirements of the Principles of Risk Management

Answer: C

NEW QUESTION 10

In response to a risk identified during a fraud risk assessment, management decides to purchase fidelity insurance to help protect the company against the associated risk of loss This response is known as:

- A. Mitigating the risk
- B. Assuming the risk
- C. Avoiding the risk
- D. Transferring the risk

Answer: D

NEW QUESTION 13

Open-door management policies are a fraud prevention mechanism that addresses which leg of the Fraud Triangle?

- A. Opportunity
- B. Willingness
- C. Lack of integrity
- D. Pressure

Answer: A

NEW QUESTION 15

Consistently punishing perpetrators can be an effective fraud prevention mechanism.

- A. True
- B. False

Answer: B

NEW QUESTION 17

Management at ABC Corp. is assessing the company s ethical tone and how it affects the organization s fraud risk. To most effectively reinforce an anti-fraud culture, management should

- A. Create an environment in which employees feel safe challenging managements decisions
- B. Use a checklist of initiatives to make sure all the elements of a strong tone at the top are in place
- C. Implement two separate sets of ethics policies one for management and one for employees
- D. All of the above

Answer: D

NEW QUESTION 21

The theory of differential association is used frequently to explain white-collar criminality Which of the following is NOT one of the assertions or principles of differential association?

- A. Criminal behavior is learned from other people in a process of communication
- B. Criminal behavior is learned using the same mechanisms as other learning

- C. Criminal behavior is acquired through participation with intimate personal groups
- D. The process of learning criminal behavior is the same as pure imitation

Answer: C

NEW QUESTION 22

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 25

Which of the following is a detective anti-fraud control?

- A. Separation of duties
- B. Hiring policies and procedures
- C. Independent reconciliations
- D. Fraud awareness training

Answer: A

NEW QUESTION 27

Which of the following is NOT a responsibility of the organization's board of directors?

- A. Acting as guardians of the organization's resources and assets
- B. Managing the performance of employees charged with carrying out business activities
- C. Assessing the strategy and underlying purpose of management's decisions and actions
- D. Serving as the middlemen between shareholders and management

Answer: D

NEW QUESTION 30

According to the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control—Integrated Framework (the Framework), there are five interrelated components of a company's internal control. Which of the following is NOT among these five components?

- A. Ethical culture
- B. Risk assessment
- C. Control activities
- D. Monitoring

Answer: A

NEW QUESTION 35

Which of the following is FALSE regarding corporate governance?

- A. Effective corporate governance practices are most necessary in an organization in which the owners are not also the individuals responsible for setting and executing the business strategy
- B. Effective corporate governance practices are considered to be the foundation of fraud risk management.
- C. Corporate governance's primary purpose is to ensure the accuracy of the organization's financial reports
- D. An entity's corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization.

Answer: D

NEW QUESTION 40

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 43

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 44

To be in compliance with the ACFE Code of Professional Ethics, fraud examiners must have:

- A. A Sufficient skill and knowledge to recognize when additional training or expert guidance is required
- B. An expert level of experience for every circumstance that might be encountered in a fraud examination
- C. An expert level of knowledge for every circumstance that might be encountered in a fraud examination
- D. Sufficient resources to obtain the training needed to become an expert on all facets of fraud examinations

Answer: D

NEW QUESTION 45

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 50

According to Diane Vaughan. which of the following factors increases an organization s inherent inclination toward committing crime?

- A. Management links employee performance goals with company performance goals
- B. Rewards are given to employees who challenge the status quo
- C. Management seeks out diversity in attitudes and perspectives when hiring employees
- D. All of the above

Answer: B

NEW QUESTION 55

Which of the following is NOT one of the three general approaches used to control corporate crime?

- A. Consumer action to force change
- B. Voluntary changes in corporate attitudes and structure
- C. Media blacklisting of the organization
- D. Strong intervention of the government

Answer: B

NEW QUESTION 60

For its compliance program to be effective, an organization must perform procedures to ensure management hires only ethical individuals who exercise a substantial measure of discretion in acting on the organization s behalf.

- A. True
- B. False

Answer: A

NEW QUESTION 62

Which of the following is among the audit committee s primary responsibilities related to fraud risk management?

- A. Understanding how internal and external audit strategies address fraud risk
- B. Designing the fraud risk management program
- C. Punishing fraud perpetrators discovered through fraud risk management activities
- D. Implementing the fraud risk management program

Answer: B

NEW QUESTION 67

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