

ACFE

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

Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam



NEW QUESTION 1

Which of the following offender types in which people who take the money and run away?

- A. Absconders
- B. Long-term violators
- C. Offender types
- D. None of the above

Answer: A

NEW QUESTION 2

Bank cut-off statements should be requested for 10-15 days after the closing date of the balance sheet.

- A. True
- B. False

Answer: A

NEW QUESTION 3

_____ can be detected by closely examining the documentation submitted with the cash receipts.

- A. Voided purchases
- B. Fictitious refunds
- C. Approved transaction
- D. None of the above

Answer: B

NEW QUESTION 4

The principle behind full disclosure is:

- A. Any material deviation from GAAP must be explained to the reader of the financial information.
- B. Any material deviation from SAS must be explained to the writer of the financial information.
- C. Any material deviation from GAAP must be explained to writer of the financial information.
- D. None of above

Answer: A

NEW QUESTION 5

Once the expense account is closed, it becomes a historical item and probably will never be reviewed again.

- A. True
- B. False

Answer: A

NEW QUESTION 6

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 7

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 8

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 9

Verify supporting documentation on outstanding checks written for a material amount is a test used to conduct for:

- A. Check disbursement
- B. Bank confirmation
- C. Bank confirmation
- D. Cut-off statements

Answer: C

NEW QUESTION 10

The most common method of detection in corruption cases is:

- A. Internal audits
- B. Internal controls
- C. Tips
- D. By accident

Answer: C

NEW QUESTION 10

Which of the following is NOT the type of billing scheme?

- A. Invoicing via shell companies
- B. Invoicing via non-accomplice companies
- C. Invoicing via accomplice companies
- D. Personal purchases with company funds

Answer: C

NEW QUESTION 13

A running count that records how much inventory should be on hand is referred to:

- A. Altered inventory
- B. Perpetual inventory
- C. Shrinking inventory
- D. Fictitious inventory

Answer: B

NEW QUESTION 18

When employee committing the fraud removes cash from the register and also the item allegedly being returned is debited back into the inventory, this refers to:

- A. Registry destroying records
- B. Register false voids
- C. Fraudulent register occurrences
- D. Concealing register disbursement

Answer: D

NEW QUESTION 22

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

- A. Comply with debt 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 23

A special scheme in which employees know their employer is seeking to purchase a certain asset and take advantage of the situation by purchasing the asset themselves is:

- A. Conflict of interest in sale
- B. Turnaround sale or flip
- C. Unauthorized sale
- D. Written sale of unique assets

Answer: B

NEW QUESTION 28

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 30

_____ and _____ are used to increase (or decrease) the equity account.

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

Answer: B

NEW QUESTION 31

Undisclosed payments made by vendors to employees of purchasing companies are referred to as:

- A. Bid-rigging
- B. Kickbacks
- C. Presolicitaion
- D. None of the above

Answer: B

NEW QUESTION 36

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 39

According to a survey, in principal perpetrator, males in a majority of cases, accounting for _____ percent of frauds versus _____ percent in which a female was the primary culprit.

- A. 62 versus 36
- B. 61 versus 39
- C. 62 versus 37
- D. None of the above

Answer: B

NEW QUESTION 42

Bank statement are diligently reviewed to ensure that amounts and signature have not been altered, is an activity for:

- A. Account analysis
- B. Bank reconciliation
- C. Check disbursement controls
- D. Check tampering

Answer: C

NEW QUESTION 44

When expenses used to produce income- all of them- should be matched in a consistent manner against that income, this is referred to:

- A. Equity
- B. Accrual basis accounting
- C. Expense
- D. Financial record

Answer: B

NEW QUESTION 49

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 52

_____ 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 55

The forms that allow noncash assets to be moved from one location in a company to another can be used to facilitate the misappropriation of those assets are called:

- A. Inventory usages
- B. Fake sales
- C. Asset requisition
- D. All of the above

Answer: C

NEW QUESTION 59

Asset misappropriation schemes were the ??middle children?? of the study; they were more common than fraudulent statements and more costly than corruption.

- A. True
- B. False

Answer: B

NEW QUESTION 60

When employee committing the fraud removes cash from the register and also the item allegedly being returned is debited back into the inventory, this refers to:

- A. Registry destroying records
- B. Register false voids
- C. Fraudulent register occurrences
- D. Concealing register disbursement

Answer: D

NEW QUESTION 62

Statistical sampling enables the examiner to predict the occurrence rate for the population and therefore determine with some accuracy the error rate, or the potential for fraud.

- A. True
- B. False

Answer: A

NEW QUESTION 66

Occupational fraud and abuse is a (an) _____ of doing business, in much the same way that we pay expenses for electricity, taxes and wages.

- A. Equity
- B. Balance sheet
- C. Expense
- D. Financial record

Answer: C

NEW QUESTION 70

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

- A. True
- B. False

Answer: B

NEW QUESTION 72

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 73

_____ inventory and other assets is relatively common way for fraudsters to remove assets from the books before or after they are stolen.

- A. Altered
- B. Perpetual
- C. False shipping slip
- D. Write-offs

Answer: C

NEW QUESTION 75

Which of the following are used in a short term skimming scheme?

- A. Unrecorded sales, understated sales and theft of incoming checks
- B. Unrecorded sales, understated sales and dual endorsements
- C. False company accounts, understated sales and theft of incoming checks
- D. Understated sales, theft of incoming checks and check-for-currency substitutions

Answer: A

NEW QUESTION 78

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 83

Verify supporting documentation on outstanding checks written for a material amount is a test used to conduct for:

- A. Check disbursement
- B. Bank confirmation
- C. Bank confirmation
- D. Cut-off statements

Answer: C

NEW QUESTION 84

Conflict of interest cases are more easily prevented than detected.

- A. True
- B. False

Answer: A

NEW QUESTION 87

Which of the following is not the skimming scheme?

- A. Unrecorded sales
- B. Fraud & Cost
- C. Theft of checks through the mail
- D. Understand sales and receivables

Answer: B

NEW QUESTION 89

The _____ cost method of pricing would carry an asset's value on the financial statements as what it would currently cost, considering inflation.

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Price-level adjusted historical cost

NEW QUESTION 92

In physical tampering prevention technique, hidden images can be seen only when the check is held at an angle through:

- A. High-resolution sprays
- B. Holographic safety inks
- C. Watermark backers
- D. Chrome coloring

Answer: C

NEW QUESTION 93

Employees with the authority to grant discounts in order to skim revenues may use which authority?

- A. False discounts
- B. Recording a discount on sale procedure
- C. Internal discount sales audits
- D. None of the above

Answer: A

NEW QUESTION 98

A shell company scheme in which actual goods or services are sold to the victim company is known as:

- A. Maintenance scheme
- B. Allocation scheme
- C. Distribution scheme
- D. Pass-through scheme

Answer: D

NEW QUESTION 100

Skimming cases can more likely to be detected by:

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

Answer: B

NEW QUESTION 101

Employees steal an incoming payment and then place the incoming funds in an interest bearing account for:

- A. Converting stolen checks
- B. Concealing the fraud
- C. Short-term skimming
- D. All of the above

Answer: C

NEW QUESTION 104

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 106

_____ 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 109

A journal in which all sales made on credit or cash are listed is:

- A. Disbursement journal
- B. Accounts receivable journal
- C. Accounts payable journal
- D. General journal

Answer: B

NEW QUESTION 114

The most common method for billing scheme is:

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

Answer: B

NEW QUESTION 117

In _____ scheme, an employee creates false vouchers or submits false invoices to the employer.

- A. Sale requisition
- B. Purchase requisition
- C. Voucher handling
- D. Cash generating

Answer: D

NEW QUESTION 119

_____ 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 122

A _____ occurs when an employee, manager or executive has an undisclosed economic or personal interest in a transaction that adversely affects the organization.

- A. Conflict of interest
- B. Illegal sale
- C. Unauthorized purchase
- D. Financial disclosure

Answer: A

NEW QUESTION 123

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