

CFE-Financial-Transactions-and-Fraud-Schemes Dumps

Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam

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NEW QUESTION 1

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 2

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 3

Which of the following is the amount of money that would be realized upon the sale of the asset at some point in the future, less the costs associated with owning, operating and selling it?

- A. Net realizable value
- B. Going concern
- C. Cost
- D. Fair value

Answer: A

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

The fraudster's interest lies with an employer other than a company.

- A. True
- B. False

Answer: B

NEW QUESTION 7

Which sale occurs when the accomplice of the employee-fraudster buys merchandise, but the employee does not ring up the sale, and the accomplice takes the merchandise without making any payment?

- A. Whole sale
- B. Fake sale
- C. Fraudster sale
- D. Preliminary sale

Answer: B

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

Bid-rigging scheme occurs when:

- A. an employee fraudulently assists a vendor in winning a contract through the competitive bidding process.
- B. an employee does not assist a vendor in winning a contract through the competitive bidding process.
- C. an employee once assists a vendor in winning a contract through a single competitive bidding process.
- D. an employee once assists a vendor in winning a contract through a single competitive bidding process.

Answer: A

NEW QUESTION 10

The most basic skimming scheme occurs when:

- A. An employee sells goods or services to a customer, collects the customer's payment, but makes no record of the sale.
- B. An employee buy goods or services from a customer, drop the customer's payment, but makes no record of the purchase.
- C. An employee sells goods or services to a stakeholder, collects the stakeholder's payment and makes record of the sale too.
- D. An employee buy goods or services from a stakeholder, drop the stakeholder's payment and makes record of the purchase too.

Answer: A

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 12

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 14

Most of the shell company schemes involve the purchase of goods rather than services.

- A. True
- B. False

Answer: B

NEW QUESTION 18

_____ 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 23

Which of the following is NOT the reason to bribe employees of the purchaser?

- A. To ensure receipt of a late bid
- B. To extend the bid opening date
- C. To ensure bid-splitting
- D. To falsify the bid log

Answer: C

NEW QUESTION 26

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 27

When employees avoid detection in a refund scheme to keep the sizes of the disbursement low, is referred to:

- A. Small disbursements
- B. Very small disbursements
- C. Simple disbursements
- D. None of the above

Answer: A

NEW QUESTION 31

One reason employees might be hesitant to use PO boxes in shell company schemes is that some businesses are specially vary of sending checks to vendors that have street addresses only.

- A. True
- B. False

Answer: B

NEW QUESTION 34

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 35

A typical issue involving material and fraud would be:

- A. Fraudulent statement
- B. Misappropriations
- C. Civil lawsuit
- D. Quality control

Answer: B

NEW QUESTION 39

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 42

_____ 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 47

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 51

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 53

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 55

_____ 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 56

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 61

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 65

The price of an asset on which the asset is selling at on the open market in a transaction between a willing buyer and a willing seller is called:

- A. Absolute value
- B. Fair value
- C. Cost value
- D. material value

Answer: B

NEW QUESTION 68

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 70

Which of the following must be present for a fraud to exist?

- A. A material false statement
- B. Knowledge that the statement was false when it was uttered

- C. Reliance on the fast statement by the victim
- D. All of the above

Answer: D

NEW QUESTION 71

Multiple cashiers operate from a single cash drawer without separate access codes is a red flag for:

- A. Fraudulent scheme
- B. Disbursement scheme
- C. Register scheme
- D. Force inventory scheme

Answer: C

NEW QUESTION 76

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

- A. True
- B. False

Answer: B

NEW QUESTION 80

_____ is required not only for theft, but for procedures to detect errors, avoid waste and insure a proper amount of inventory is maintained.

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Inventory control

NEW QUESTION 83

Which check tampering red flag may indicate employees have embezzled cash and charged the embezzlement to expense accounts?

- A. Voided checks
- B. Payable checks
- C. Missing checks
- D. Duplicate checks

Answer: C

NEW QUESTION 86

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

_____ 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 91

By what accountant means that the financial figures presented by the company are at least as much as reflected in the statements, if not more.

- A. Fraudulent statement
- B. Misappropriations
- C. Conservatism
- D. Matching

Answer: C

NEW QUESTION 96

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 101

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 102

_____ 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 104

Inventory shrinkage is the unaccounted-for reduction in the company's inventory that does not result from theft.

- A. True
- B. False

Answer: B

NEW QUESTION 105

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 107

Multiple cashiers operate from a single cash drawer without separate access codes is a red flag for:

- A. Fraudulent scheme
- B. Disbursement scheme
- C. Register scheme
- D. Force inventory scheme

Answer: C

NEW QUESTION 111

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 112

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 115

Placing any restriction in the solicitation documents that tend to restrict competition is called prebid solicitation.

- A. True
- B. False

Answer: A

NEW QUESTION 119

In which phase of competitive bidding process, fraudsters attempt to influence the selection of a contractor by restricting the pool of competitors from whom bids are sought?

- A. Need recognition
- B. Solicitation
- C. False specification
- D. Submission

Answer: B

NEW QUESTION 123

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 124

According to Hollinger and Clark for Policy development, management must pay attention to:

- A. A clear understanding regarding theft behavior
- B. Enforcement of sanctions
- C. Both A & B
- D. Neither A nor B

Answer: C

NEW QUESTION 129

_____, 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 134

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 139

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 143

Which counts sometimes can give rise to inventory theft detection?

- A. Perpetual inventory counts
- B. Physical inventory counts
- C. Concealment inventory counts
- D. None of the above

Answer: B

NEW QUESTION 145

_____ allows the fraud examiner to inspect key attributes on a smaller portion (or sample) of those documents.

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Statistical sampling

NEW QUESTION 150

Any expenses that are incurred but not paid by the end of the year are counted in our records of profit and loss, are called:

- A. Accruals
- B. Depreciations
- C. Expenses
- D. Financial record

Answer: A

NEW QUESTION 151

Physical assets including _____ and _____ are the most commonly misappropriated noncash asset in our study.

- A. Interest & Collusion
- B. Inventory & Equipment
- C. Inventory & Purchase
- D. Sales & Equipment

Answer: B

NEW QUESTION 152

_____ 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 157

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 158

A voucher is:

- A. a file that includes the purchase order that was send to the vendor, the vendor invoice listing the cost and quantity of items purchased, and the internal receiving reports that verify the purchased items have been delivered.
- B. a figure that includes the sale order that was send to the dealer, the vendor invoice listing the cost and quantity of items sold, and the internal receiving reports that verify the purchased items have been delivered.
- C. a report that includes the purchase order that was send to the vendor, the vendor invoice listing the quality and quantity of items purchased, and the external receiving reports that verify the items have been sold.
- D. a mammogram that includes the purchase order that was send to the purchaser, the purchaser invoice listing the benefits and quantity of items purchased, and the internal receiving reports that verify the purchased items have been sold.

Answer: A

NEW QUESTION 162

The most common method for billing scheme is:

- A. Register

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

Answer: B

NEW QUESTION 167

_____ 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 169

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 173

When employees avoid detection in a refund scheme to keep the sizes of the disbursement low, is referred to:

- A. Small disbursements
- B. Very small disbursements
- C. Simple disbursements
- D. None of the above

Answer: A

NEW QUESTION 177

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