



ACFE

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

Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam

NEW QUESTION 1

In Fraud scale pressure, opportunity and integrity variables all results in a list of ____ possible red flags or indicators of occupational fraud and abuse.

- A. 81
- B. 82
- C. 83
- D. 84

Answer: B

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 oh 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

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

_____ is defined as a person who works for the victim organization and who is primary culprit

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Principal perpetrator

NEW QUESTION 5

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

- A. True
- B. False

Answer: B

NEW QUESTION 6

Accounting records are designed to be kept on subjective rather than objective evidence.

- A. True
- B. False

Answer: B

NEW QUESTION 7

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 8

The most common method for billing scheme is:

- A. Register
- B. Tips
- C. Accident

D. None of the above

Answer: B

NEW QUESTION 9

One of the simplest ways to justify unacceptable conduct and avoid guilt feelings is to invent a good reason for _____.

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Embezzling

NEW QUESTION 10

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

_____ involves purposeful misreporting of financial information about the organization that is intended to mislead those who read it.

- A. Fraudulent statement
- B. Corruption
- C. Asset misappropriations
- D. None of above

Answer: A

NEW QUESTION 12

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 16

Which of the following is NOT standard of generally accepted accounting principles?

- A. Conservatism
- B. Cost
- C. Full disclosure
- D. Quality control

Answer: D

NEW QUESTION 17

A tangible asset is one which is:

- A. capable of being perceived
- B. capable of being appraised
- C. Both A & B
- D. Neither A nor B

Answer: C

NEW QUESTION 22

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 27

Which of the following is true for Red flags associated with fictitious revenues?

- A. Slow growth or usual profitability, when not compared to other companies in the same industry.
- B. Usual growth in the number of days purchase in receivables
- C. A significant volume of sales to entries whose substance and ownership is not known.
- D. A usual surge in purchase by a majority of units within a company, or of purchase recorded by corporate headquarters.

Answer: C

NEW QUESTION 28

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

- A. True
- B. False

Answer: A

NEW QUESTION 29

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 32

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 36

A fabricated name and the post office box that an employee uses to collect disbursements from false billings is called:

- A. Accomplice residence
- B. Shell company
- C. Perpetrator check
- D. Cash generator

Answer: B

NEW QUESTION 40

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 44

According to Marshall, _____ are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.

- A. Assets
- B. Liabilities
- C. Credentials
- D. None of above

Answer: A

NEW QUESTION 46

_____ 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 51

Perceived certainty of detection is directly related to employee theft for respondents in all industry sectors, that is the stronger the perception that theft would be detected, the more the likelihood that the employee would engage in deviant behavior.

- A. True
- B. False

Answer: B

NEW QUESTION 56

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 61

If the assets are intentionally purchased by the company but simply misappropriated by the fraudster, this is referring to as:

- A. Inventory larceny scheme
- B. Asset receiving scheme
- C. Fraudulent purchase
- D. Falsify shipping

Answer: A

NEW QUESTION 63

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 64

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 65

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 70

The prime targets for skimming schemes which are hard to monitor and predict such as late fees and parking fees, are:

- A. Revenue sources
- B. Recorded sales
- C. Internal audits
- D. Register manipulations

Answer: A

NEW QUESTION 71

How many accounts are affected in fraudulent accounting entries and therefore same number of categories on the financial statement?

- A. One
- B. At least two
- C. More than two
- D. None of above

Answer: A

NEW QUESTION 72

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 then two employees
- D. None of the above

Answer: A

NEW QUESTION 74

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

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

Answer: C

NEW QUESTION 75

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 76

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 77

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

- A. True
- B. False

Answer: B

NEW QUESTION 82

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 85

A _____ is a day-by-day, or chronological, record of transactions

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

Answer: B

NEW QUESTION 89

Which of the following is NOT the aspect of inventory purchase?

- A. Inventory purchases purposely increase in year 1 only to be liquidated in year 2.
- B. inventory for the year 2 will be much greater than year 1.
- C. Increase sales in year 2 are unexpected and purchase of inventory does not keep pace with the sales.
- D. might be some fraud scheme in inventory.

Answer: B

NEW QUESTION 90

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 94

_____ 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 95

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 97

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 101

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 103

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

- A. True
- B. False

Answer: B

NEW QUESTION 107

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 108

Skimming is:

- A. The removal of cash from a victim entity prior to its entry in an accounting system.
- B. The addition of cash from a victim entity prior to its entry in an accounting system.
- C. The removal of cash from a victim entity after its entry in an accounting system.
- D. None of above

Answer: A

NEW QUESTION 110

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 111

_____ 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 115

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 117

A scheme is classified as a Conflict of interest:

- A. when an employee must have some kind of ownership or employment interest in the vendor submitting the invoice.
- B. when a salesman must have some kind of ownership or employment interest in the vendor submitting the sales.
- C. when a purchaser must have some kind of ownership or employment interest in the vendor submitting the purchase.
- D. when a dealer must have some kind of dealership interest in the vendor submitting the stock.

Answer: A

NEW QUESTION 119

_____ 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 121

??Anticipate possible losses and omit potential profits??, this results in:

- A. Asymmetrical accounting
- B. Symmetrical accounting
- C. Playing accounting
- D. Bearing accounting

Answer: A

NEW QUESTION 123

A fabricated name and the post office box that an employee uses to collect disbursements from false billings is called:

- A. Accomplice residence

- B. Shell company
- C. Perpetrator check
- D. Cash generator

Answer: B

NEW QUESTION 127

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