

ACFE.CFE-Fraud-Prevention-and-Deterrence.v2021-08-31.q33

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NEW QUESTION: 1

Which of the following theories suggests that, when considering the possibility of violating a law, people are likely to ask themselves, "What would my family and friends think if they find out?"

- A. Cognitive theory
- B. Social control theory
- C. Routine activities theory
- D. Behavioral theory

Answer: B (LEAVE A REPLY)

NEW QUESTION: 2

During a fraud risk assessment, the assessment team 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. Interviews
- B. Surveys
- C. Anonymous feedback mechanisms
- D. Focus groups

Answer: C (LEAVE A REPLY)

NEW QUESTION: 3

In the context of fraud examination, integrity requires all of the following EXCEPT:

- A. An ability to analyze situations where no professional rules are specifically applicable and determine right from wrong
- B. Independence of mental attitude
- C. Subordination of desires for personal gain to the interests of clients, employers, and the public
- D. Avoidance of differences of opinion

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 4

Which of the following is one of the components of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Enterprise Risk Management-Integrating with Strategy and Performance?

- A. Review and revision
- B. Compliance
- C. Risk tolerance
- D. Event avoidance

Answer: (SHOW ANSWER)

NEW QUESTION: 5

The International Organization of Securities Commissions' (IOSCO) Principles for Auditor Oversight states that auditor oversight should involve a regular review process designed to ascertain whether audit firms adhere to quality control policies and procedures.

- A. False
- B. True

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 6

Which of the following is FALSE regarding the fraud risk assessment team?

- A. The team size should be limited to a maximum of three individuals.
- B. The team members might include both internal and external sources
- C. The team should consist of individuals with diverse knowledge, skills, and perspectives.
- D. The team members should have experience in gathering and eliciting information

Answer: (SHOW ANSWER)

NEW QUESTION: 7

Which of the following is FALSE regarding a background check policy for employees?

- A. When verifying past employment, management should only ask previous employers to verify the dates the candidate was employed.

B. At a minimum, management should conduct a background check on any candidate who will have constant access to cash, checks, and credit card numbers, or other easily stolen items.

C. Where permitted by law, management should run a background check on any existing employee who is being promoted to a position that includes access to sensitive or valuable company resources, even if a background check was run on the individual at the time of hire

D. As part of the screening process, management should contact the references provided by the job candidate

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 8

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

A. Designing a model corporate compliance program

B. Defining the responsibility of the auditor in preventing and detecting fraud

C. Studying the effect of the threat of vicarious liability on the behavior of corporate executives

D. Determining the specific requirements of the Principles of Risk Management

Answer: **B** ([LEAVE A REPLY](#))

NEW QUESTION: 9

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 decrease in funds available from government assistance programs

C. The increased opportunity for wrongdoing as a result of advancing information technologies

D. The economy's increased reliance on credit

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 10

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing states that

A. The internal auditor must apply the skill and care of an expert whose primary responsibility is detecting fraud.

B. The internal auditor must apply the skill and care of a reasonably prudent and competent internal auditor

C. The internal auditor must apply the skill and care of an unbiased, infallible audit professional.

D. The internal auditor must apply the skill and care of an expert whose primary responsibility is investigating fraud

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 11

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. False

B. True

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 12

Which of the following statements regarding document retention policies (DRPs) is TRUE?

A. When establishing a document retention policy, management should consider any industry-specific rules for documenting and retaining records

B. Document retention policies do not need to include protocols for preserving electronic documents as most IT systems automatically preserve copies of such data

C. All of the above

D. An effective document retention policy permits the organization to continue the destruction of documents when faced with potential litigation

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 13

According to modern criminological studies, which of the following is the determinant aspect of white-collar crime?

A. Absence of risk factors

B. Organizational opportunity

C. Social status

D. Potential legal punishment

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 14

According to the differential reinforcement theory, behavior is weakened when positive rewards are gained or punishment is avoided

A. False

B. True

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 15

Which of the following is FALSE regarding the process of defining the objective of the fraud risk management program?

- A. Management must consider the total amount of fraud risk it is willing to accept when determining fraud risk management objectives
- B. Management must assign a quantitative measure to its risk appetite so that it can accurately measure the fraud risk management program's effectiveness
- C. Management should express risk appetite in a manner that is appropriate for and unique to the organization's culture and operations.
- D. Management should examine previous fraud occurrences to determine how the ideal fraud risk management program would have prevented them.

Answer: (SHOW ANSWER)

NEW QUESTION: 16

Which of the following is FALSE regarding G20/OECD Principles of Corporate Governance (the Principles)?

- A. The Principles are intended to be applicable in both developed economies and emerging markets
- B. The Principles state that an entity's corporate governance framework should encourage active cooperation between corporation and stakeholders in creating wealth.
- C. The Principles state that an entity's corporate governance framework should ensure the equitable treatment of all shareholders
- D. The Principles are required to be implemented by all corporations in the jurisdictions that have officially adopted them

Answer: A (LEAVE A REPLY)

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NEW QUESTION: 17

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. All of the above
- C. They are more likely to be fined than to face prison terms as punishment
- D. They are less likely to insist on a trial than other offenders

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 18

Effectively documenting and communicating organizational hierarchies, including the proper flow of information, can be a helpful tool in preventing fraud

- A. True
- B. False

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 19

According to G20/OECD Principles of Corporate Governance (the Principles):

- A. All of the above
- B. Governments should have in place a corporate governance framework that promotes transparent and fair markets
- C. A corporate governance framework should focus on the rights of shareholders but does not need to include the rights of other organizational stakeholders
- D. Companies should disclose all financial information to investors, regardless of the cost burden of the disclosure

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 20

Employee anti-fraud education should:

- A. Be presented by organizational executives or anti-fraud professionals only
- B. Include examples of prior employee misconduct and how those situations were handled
- C. Be restricted to formal educational mechanisms to reinforce the importance of the message
- D. Include descriptions of the procedures that management uses to detect fraud.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 21

In developing a corporate governance framework for an organization, directors and management must consider which of the following?

- A. All of the above
- B. The organization's legal and regulatory environment
- C. The organization's cultural environment
- D. The organization's ethical environment

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 22

Which of the following is FALSE regarding the discussion about the financial statements susceptibility to fraud that auditors are required to have under International Standard on Auditing (ISA) 240?

- A. The audit team should consider factors that provide the opportunity for fraud.
- B. The audit team should consider whether the organizational culture might enable the rationalization of fraud
- C. The audit team should focus solely on how the company's assets could be misappropriated
- D. A The audit team should discuss how management could conceal fraud

Answer: [\(SHOW ANSWER\)](#)

NEW QUESTION: 23

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

Answer: A [\(LEAVE A REPLY\)](#)

NEW QUESTION: 24

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. False
- B. True

Answer: A [\(LEAVE A REPLY\)](#)

NEW QUESTION: 25

In identifying the inherent fraud risks that could apply to the organization the fraud risk assessment team should discuss

- A. The possibility of management override of controls
- B. The organization's incentive programs
- C. All of the above
- D. Risks to the organization's reputation

Answer: C [\(LEAVE A REPLY\)](#)

NEW QUESTION: 26

Which of the following is TRUE regarding the communication of the fraud risk assessment process?

- A. The communication should actively encourage employees to participate in the assessment process
- B. The communication should be in the form of a personalized message from the assessment sponsor
- C. All of the above
- D. The communication should be visibly disseminated throughout the business

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 27

Employees should be kept unaware that management is watching for lifestyle and behavior changes in staff members that might indicate fraud

- A. False
- B. True

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 28

In response to an employee's failure to meet performance expectations, a manager demotes the employee to a junior-level position. This is an example of what type of behavioral response?

- A. Negative reinforcement
- B. Positive reinforcement
- C. Punishment
- D. None of the above

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 29

Which of the following is NOT a purpose served by a professional organization's code of conduct?

- A. It facilitates practical enforcement and profession-wide internal discipline
- B. It provides clear answers to all ethical dilemmas the organization's members might face
- C. It provides more direct solutions to professional ethical dilemmas than might exist under general ethical principles
- D. It serves as a reference and benchmark for ethical guidance

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 30

According to the 2018 Report to the Nations, which of the following is the most common method by which frauds are detected?

- A. Confession

- B. External audit
- C. Internal audit
- D. Tips

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 31

Which of the following is TRUE regarding an organization's ethics program?

- A. In designing the ethics program, management should consider whether the organization currently has any ethical leadership issues
- B. An effective written ethics policy alone is sufficient to communicate management's ethical philosophy and serve as a comprehensive ethics program
- C. All of the above
- D. To be most effective, access to the organization's ethics policy should be restricted to employees and other internal parties only

Answer: C ([LEAVE A REPLY](#))

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NEW QUESTION: 32

According to The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, which of the following should the internal audit team evaluate in its assessment of the risk management process?

- A. The organization's risk exposures relating to the sale of assets
- B. The organization's fraud risk management initiatives
- C. The materiality of the organization's financial statements
- D. The management team's assessment of the internal controls over financial reporting

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 33

According to the 2018 Report to the Nations, _____ schemes are the most common form of occupational fraud, while _____ schemes are the costliest form of occupational fraud

- A. Corruption; asset misappropriation
- B. Asset misappropriation; corruption
- C. Financial statement fraud, corruption
- D. Asset misappropriation; financial statement fraud

Answer: B (LEAVE A REPLY)

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