Vendor:ACFE

Exam Code:CFE-FRAUD-PREVENTION-AND-DETERRENCE

Exam Name: Certified Fraud Examiner - Fraud Prevention and Deterrence Exam

Version: Demo

QUESTION 1

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. True

B. False

Correct Answer: A

QUESTION 2

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

A. The organization s cultural environment

B. The organization s legal and regulatory environment

C. The organization s ethical environment

D. All of the above

Correct Answer: D

QUESTION 3

An effective system of internal controls:

A. Decreases the perception that fraud will be detected

B. Focuses more on detective controls than preventive controls

C. Focuses more on preventive controls than detective controls

D. Does not completely eliminate the risk of fraud

Correct Answer: C

QUESTION 4

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

Correct Answer: C

QUESTION 5

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-lime 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

Correct Answer: C

QUESTION 6

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

A. The communication should be in the form of a personalized message from the assessment sponsor

B. The communication should actively encourage employees to participate in the assessment process

C. The communication should be visibly disseminated throughout the business

D. All of the above

Correct Answer: D

QUESTION 7

International Standard on Auditing (ISA) 240 establishes auditors as being primarily responsible for the prevention and detection of fraud within an organization

A. True

B. False

Correct Answer: B

QUESTION 8

Smith, a retail sales manager, wants to decrease the level of cash register over-and-short discrepancies among his

sales team. According to behaviorist theories, which of the following options would be the most effective way for Smith to encourage his team members to keep their cash drawers in balance?

A. Offer a bonus to anyone whose drawer reconciles perfectly for sixty days.

B. Take away an hour of paid time off for each time the drawer is over or short.

C. Publicly call out and criticize employees whose cash drawers are over or short

D. Demote employees who continue to have reconciliation discrepancies

Correct Answer: A

QUESTION 9

In a company with all of the following parties, who should have primary responsibility for the oversight of the organization s compliance program?

A. The board of directors

B. General counsel

C. Internal audit

D. The chief ethics officer

Correct Answer: A

QUESTION 10

Which of the following statements is FALSE regarding an organization\\'s fraud risk management program1?

A. A Formal sanctions for intentional noncompliance should be well-publicized throughout the company

B. There should be measures in place to address failures in the design or operation of anti- fraud controls, as well as fraud occurrervces

C. The program must include mechanisms to monitor and identify breaches in compliance

D. The responsibility of handling suspected incidences of noncompliance should be delegated to someone outside of the company

Correct Answer: A

QUESTION 11

Which of the following is FALSE regarding fraud examiners responsibilities under the ACFE Code of Professional Ethics?

A. Confidential information provided to fraud examiners by their clients is considered privileged and therefore legally exempt from disclosure in all circumstances

B. In determining what information to include in a fraud examination report, fraud examiners should try to decide what users will consider important and material

C. If fraud examiners become aware of a situation that might appear to others as though they have a conflict of interest they should immediately disclose the situation to company management

D. Fraud examiners must obtain and document evidence in a manner that ensures that the chain of custody is preserved

Correct Answer: B

QUESTION 12

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

Correct Answer: D