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

Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam

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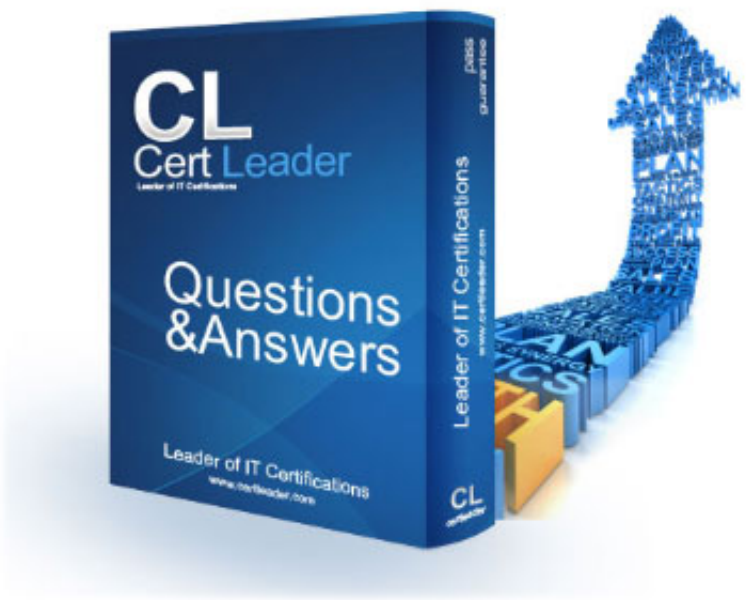

NEW QUESTION 1
Which of the following offender types in which people who take the money and run away?

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

Answer: A

NEW QUESTION 2
_____ may be defined as the offering, giving, receiving or soliciting anything of value to influence an official act.

A. Corruption
B. Diverting business to vendors
C. Bribery
D. Lacking approval authority

Answer: C

NEW QUESTION 3
Which of the following is NOT the example of bribery prevention policies?

A. Reporting gifts
B. Discounts
C. Business meetings
D. Resource diversions

Answer: D

NEW QUESTION 4
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 5
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 owing, operating and selling it?

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

Answer: A

NEW QUESTION 6
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 7
Which of the following is NOT the phase of the bidding process?

A. Presolicitation
B. Postsolicitation
C. Solicitation
D. Submission

Answer: B

NEW QUESTION 8
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 9
_____ increase assets and expenses and/or decrease liabilities and/or equity

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

Answer: B

NEW QUESTION 10
_____ 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 10
Most of the shell company schemes involve the purchase of goods rather than services.

A. True
B. False

Answer: B

NEW QUESTION 13
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 15
Accounting records are designed to be kept on subjective rather than objective evidence.

A. True
B. False

Answer: B

NEW QUESTION 16
Which of the four basic measures, if properly installed and implemented may help prevent inventory fraud?

A. Proper documentation, segregation of duties, independent checks and physical safeguards
B. Proper documentation, segregation of duties, independent checks and inventory control
C. Proper documentation, physical padding, independent checks and physical safeguards
D. prenumbered affiliations, segregation of duties, independent checks and physical safeguards

Answer: A

NEW QUESTION 17
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 19
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 21
In _____ scheme, a supplier pays an employee of the purchasing company to write specifications that will require amendments at a later date.

A. Deliberate writing of vague specifications
B. Need recognition
C. False specification
D. Bid-splitting

Answer: A

NEW QUESTION 22
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 27
_____ 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 32
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 36
The amount of cash on hand in a register may be compared to the amount showing in the register tape in order to detect _____.

A. Employee theft
B. Recorded sales
C. Internal audits
D. Occupational frauds

Answer: A

NEW QUESTION 40
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 44
_____ is to allow the owner, investors, creditors and others with an interest to know the appropriate book worth of the business at a particular date.

A. Equity
B. Balance sheet
C. Income statement
D. Financial record

Answer: B

NEW QUESTION 47
_____ 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 52
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 57
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 60
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 63
The scheme in which the same vendor is receiving favorable treatment van be found in purchases by vendor searches.

A. True
B. False

Answer: A

NEW QUESTION 64
In Cressey??s fraud triangle, its three of the legs are Opportunity, Pressure and

A. Violation
B. Isolation
C. Rationalization
D. None of the above

Answer: C

NEW QUESTION 67
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 68
_____ 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 73
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 76
_____ revenues involve the recording sales of goods or services hat did not occur.

A. Fictitious or fabricated revenues
B. Financial revenues
C. Red flag revenues
D. Concealed revenues

Answer: A

NEW QUESTION 80
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 81
The person or persons who have access to _____ are often the targets of unethical vendors seeking an advantage in the process.

A. Bid-splitting
B. Sealed bids
C. General purchasing
D. Tailor specifications

Answer: B

NEW QUESTION 84
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 89
_____ assumes the business will go on indefinitely in the future.

A. Materiality
B. Going concern
C. Cost
D. Fair value

Answer: B

NEW QUESTION 91
The scheme which reduces victim companies to issue fraudulent payments for goods or services that they have not received is called:

A. Bogus claims
B. Billing scheme
C. Reliance billing
D. Misappropriate claims

Answer: A

NEW QUESTION 93
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 95
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 100
A _____ can be very costly for an organization to undertake, both in terms of money and time spent.

A. Mastered
B. Not Mastered

Answer: A

Explanation:
Civil lawsuit

NEW QUESTION 105
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 107
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 112
In which of the following process, all bidders are legally supposed to be placed on the same plane of equality, bidding on the same terms and conditions?

A. Bid-rigging
B. Kickbacks
C. Competitive bidding
D. Bid solicitation

Answer: C

NEW QUESTION 116
Collusion or bid-rigging between bidders is called

A. Bribery receipt
B. Bid solicitation
C. To withdraw low bids
D. Contract acceptance

Answer: D

NEW QUESTION 117
The heart of book keeping system is the _____.

A. Asset
B. Liability
C. Checkbook
D. Journal

Answer: C

NEW QUESTION 120
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 124
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 127
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 131
Fraudsters use the accounting system as a tool to generate the results they want in _____ approach:

A. Organized accounting
B. Playing the accounting
C. beating accounting
D. All of the above

Answer: B

NEW QUESTION 135
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 136
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 139
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 141
Which of the following method is NOT used to detect conflicts of interest?

A. Tips & Complaints
B. Review of vendor ownership files
C. Underbillings of assets
D. Interviews with purchasing personnel

Answer: C

NEW QUESTION 146
_____ 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 147
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 149
A _____ is a day-by-day, or chronological, record of transactions

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

Answer: B

NEW QUESTION 150
Another way to eliminate competition in the solicitation phase of the selection process is to:

A. Solicit bid from fictitious suppliers
B. Solicit transaction from fictitious vendors
C. Solicit bid-splitting from fictitious vendors
D. None of the above

Answer: A

NEW QUESTION 152
Inventory shrinkage is the unaccounted-for reduction in the company??s inventory that does not results from theft.

A. True
B. False

Answer: B

NEW QUESTION 156
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 159
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 162
According to accounting principles, _____ and _____ should be recorded or atched in the same accounting period; failing to do so violates the matching principle of AAP.

A. Revenue and corresponding expenses
B. Revenue and Income statement
C. Income statement and Long-term contracts
D. Capitalized expenses and Liabilities

Answer: A

NEW QUESTION 164
Which of the following is NOT the method for stealing inventory and other assets?

A. Larceny schemes
B. Asset requisition and transfer
C. Purchasing and receiving schemes
D. Sales & Equipment handling

Answer: D

NEW QUESTION 165
Persuasive evidence of an arrangement does not exist when:

A. Revenue and corresponding expenses doesn??t match each other.
B. No written or verbal agreement exists.
C. Timings not meet properly
D. Capitalized expenses and Liabilities will not be up to satisfied level

Answer: B

NEW QUESTION 168
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 171
Placing any restriction in the solicitation documents that tend to restrict competition is called prebid solicitation.

A. True
B. False

Answer: A

NEW QUESTION 172
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 174
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 176
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 181
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 185
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 190
_____, 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 192
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 196
Asset misappropriations have an effect on the liabilities and do also have an indirect effect on the equity account.

A. True
B. False

Answer: B

NEW QUESTION 201
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 203
_____ 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 204
By removing a tangible asset from the business (a debit), the books will be _____ by the exact amount of the tangible asset misappropriated.

A. Journal Entries
B. Out-of-balance
C. False debits
D. None of all

Answer: B

NEW QUESTION 208
_____ are the amounts which are owned to other entities:

A. Supplies
B. Expenses
C. Assets
D. Liabilities

Answer: D

NEW QUESTION 213
People commit financial statement fraud to:

A. Conceal false business performances
B. Preserve personal status/control
C. Maintain personal income
D. Stand outside the accounting system

Answer: B

NEW QUESTION 218
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 221
The difference between assets and liabilities is called:

A. Equity
B. Expense
C. Revenue
D. Income statement

Answer: A

NEW QUESTION 223
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 227
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 submittingthe 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 232
_____ 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 233
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 235
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 239
??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 244
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 249
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 254
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