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Exam

Code:CFE-FRAUD-PREVENTION-AND-
DETERRENCE

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

Version:Demo

QUESTION 1

Which of the following statements is TRUE regarding how fraud examiners should exercise professional skepticism during a fraud examination engagement?

- A. Professional skepticism involves maintaining a mindset that no fraud has occurred
- B. Fraud examiners should not relax their skeptical attitudes even if there are no signs of fraudulent activity.
- C. Fraud examiners should form the engagement hypothesis without regard to the available preliminary information
- D. Professional skepticism means beginning all assignments with the belief that something is amiss

Correct Answer: D

QUESTION 2

Which of the following is FALSE regarding an organization's anti-fraud policy?

- A. A detailed anti-fraud policy can make it easier to investigate and punish employees who commit fraud and other dishonest acts.
- B. One of the most important considerations in developing the anti-fraud policy is to ensure every allegation is handled in a uniform-manner
- C. To avoid legal problems in discharging employees, the anti-fraud policy should not include any specific examples of fraud and misconduct
- D. In developing the anti-fraud policy, management should check with legal counsel regarding any legal considerations with respect to the policy

Correct Answer: C

QUESTION 3

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 4

Jenny is a highly respected employee at XYZ Corp Her husbands gambling addiction has caused them to have a significant amount of debt Jenny begins stealing money from the company to cover her husbands gambling losses. This situation best illustrates which leg of the Fraud Triangle?

- A. Perceived opportunity
- B. Rationalization
- C. Perceived non-shareable financial need
- D. Perceived acquiescence

Correct Answer: C

QUESTION 5

In the area of criminological theory, compliance is the theory that tries to prevent crime by providing economic incentives for voluntary conformity to the laws and using administrative efforts to control violations before they occur.

- A. True
- B. False

Correct Answer: A

QUESTION 6

Jane, a Certified Fraud Examiner (CFE). was hired to conduct a fraud examination at XYZ Company. Her examination did not reveal any conclusive evidence that fraud had occurred or was occurring. Consequently. XYZ's management asked Jane to state in her official examination report that the company is free of fraud as a means of assuring the board of directors that the company's anti-fraud controls were effective. The ACFE Code of Professional Ethics prohibits Jane from complying with management's request

- A. True
- B. False

Correct Answer: B

QUESTION 7

Which of the following is a detective anti-fraud control?

- A. Separation of duties
- B. Hiring policies and procedures
- C. Independent reconciliations
- D. Fraud awareness training

Correct Answer: A

QUESTION 8

Employee anti-fraud education should:

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

Correct Answer: A

QUESTION 9

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. True
- B. False

Correct Answer: B

QUESTION 10

Open-door management policies are a fraud prevention mechanism that addresses which leg of the Fraud Triangle?

- A. Opportunity
- B. Willingness
- C. Lack of integrity
- D. Pressure

Correct Answer: A

QUESTION 11

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

- A. The designation of an area as being high risk does not conclusively mean that fraud is occurring there
- B. The objective of the assessment is to provide an estimate of the organization's fraud losses

- C. The assessment should be used to improve employee fraud awareness
- D. The assessment team should consider how employees behave as part of its assessment

Correct Answer: B

QUESTION 12

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 investigating fraud
- B. The internal auditor must apply the skill and care of an expert whose primary responsibility is detecting fraud.
- 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 a reasonably prudent and competent internal auditor

Correct Answer: C