



ACFE

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

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

The act of an official or fiduciary person who unlawfully and wrongfully uses his station or character to procure some benefit, contrary to duty and rights of others is called:

- A. Conflict of interest
- B. Corruption
- C. Bribery
- D. Overbilling

Answer: B

NEW QUESTION 3

_____ 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 4

Bank cut-off statements should be requested for 10-15 days after the closing date of the balance sheet.

- A. True
- B. False

Answer: A

NEW QUESTION 5

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 6

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

- A. True
- B. False

Answer: B

NEW QUESTION 7

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 8

Forced reconciliation of the account says:

- A. to conceal shrinkage is to alter inventory record so that it matches the physical inventory count.
- B. to conceal inventory is to alter shrinkage record so that it matches the physical inventory count.

- C. to conceal shrinkage is to change the perpetual inventory record so that it matches the physical inventory count.
- D. to conceal write-offs is to change the perpetual inventory record so that it matches the physical inventory count.

Answer: C

NEW QUESTION 9

_____ 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 10

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 10

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 13

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 17

A typical issue involving material and fraud would be:

- A. Fraudulent statement
- B. Misappropriations
- C. Civil lawsuit
- D. Quality control

Answer: B

NEW QUESTION 22

Which of the following is the criterion for bid solicitation?

- A. Containing false statements
- B. Allowing the purchaser to discuss possible employment with the contractor
- C. To withdraw low bids
- D. To falsify the bid log

Answer: B

NEW QUESTION 23

_____ 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 24

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 27

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 28

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 29

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 30

_____ 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 32

Multiple cashiers operate from a single cash drawer without separate access codes is a red flag for:

- A. Fraudulent scheme
- B. Disbursement scheme
- C. Register scheme
- D. Force inventory scheme

Answer: C

NEW QUESTION 33

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 38

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

- A. True
- B. False

Answer: B

NEW QUESTION 40

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 43

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 45

According to SAB 104, for the revenue to be typically considered realized or realizable and earned, which of the following criteria is NOT met:

- A. Persuasive evidence of an arrangement exists
- B. Services has been rendered
- C. Timings have been met
- D. Collectability is reasonably assured

Answer: C

NEW QUESTION 50

Multiple cashiers operate from a single cash drawer without separate access codes is a red flag for:

- A. Fraudulent scheme
- B. Disbursement scheme
- C. Register scheme
- D. Force inventory scheme

Answer: C

NEW QUESTION 51

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 55

Bank statement are diligently reviewed to ensure that amounts and signature have not been altered, is an activity for:

- A. Account analysis
- B. Bank reconciliation
- C. Check disbursement controls
- D. Check tampering

Answer: C

NEW QUESTION 58

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 63

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 65

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 67

_____ is a summary of the account balances carried in a ledger.

- A. Balance sheet
- B. Income statement
- C. Financial statement
- D. General journal

Answer: C

NEW QUESTION 70

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 71

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 76

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 79

When situational pressures and perceived opportunities are low and personal integrity is high, occupational fraud is much more likely to occur than when the opposite is true.

- A. True
- B. False

Answer: B

NEW QUESTION 80

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 84

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 89

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