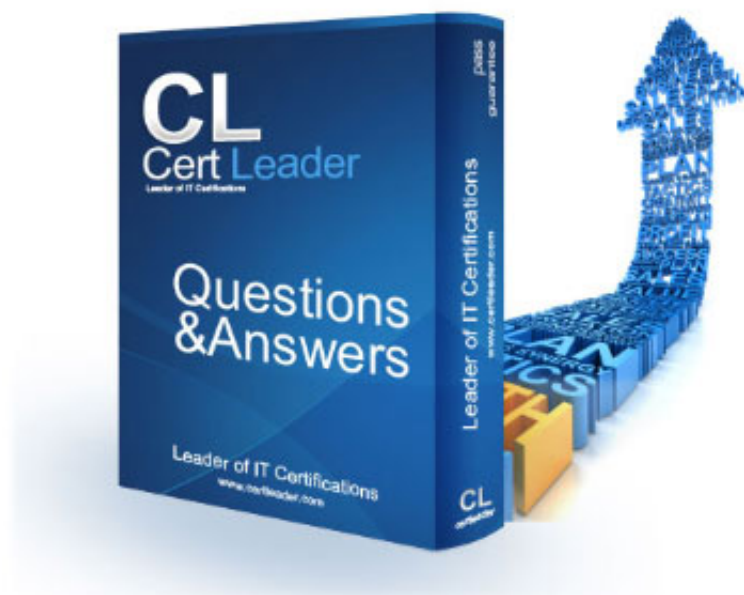


CFE-Fraud-Prevention-and-Deterrence Dumps

Certified Fraud Examiner - Fraud Prevention and Deterrence Exam

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NEW QUESTION 1

The generation and use of relevant, quality information to support the functioning of internal control is a principle related to which component of the Committee of Sponsoring Organizations of the Treadway Commissions (COSO) Internal Control—Integrated Framework (the Framework)?

- A. Risk assessment
- B. Control environment
- C. Monitoring
- D. Information and communication

Answer: A

NEW QUESTION 2

The internal auditor's fraud-related responsibilities include which of the following?

- A. Evaluating whether management is actively retaining responsibility for oversight of the fraud risk management program
- B. Attesting that the organization's financial statements are free of material misstatements caused by fraud
- C. Reporting to regulators regarding the entity's vulnerability to fraud
- D. Overseeing management's actions to manage fraud risks

Answer: C

NEW QUESTION 3

Which of the following is NOT included in the five fraud risk management principles described

- A. Communicating the expectations of those governing the fraud risk management program
- B. Deploying preventive and detective fraud control activities to mitigate fraud risk
- C. Performing comprehensive fraud risk assessments to identify specific fraud schemes
- D. Developing one-time evaluations for each fraud risk management principle

Answer: D

NEW QUESTION 4

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

Answer: A

NEW QUESTION 5

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

Answer: C

NEW QUESTION 6

Which of the following statements about the fraud risk assessment process is MOST ACCURATE"?

- A. To ensure the independence of the team members a fraud risk assessment must be conducted by a consultant or other external party.
- B. The assessment team must be perceived as independent and objective by others for the assessment to be effective
- C. If the individuals conducting the fraud risk assessment truly believe that fraud could not happen at the organization the assessment process should reflect that belief.
- D. The fraud risk assessment is most effective when management's influence on the process is limited.

Answer: A

NEW QUESTION 7

During the course of a fraud examination. Stefan, an employee of Acme Inc., approaches Marten, a Certified Fraud Examiner (CFE) and fellow employee of Acme, and tells him that he knows of a major fraud being committed by the chief financial officer (CFO). However. Stefan says he can only provide details if Marten promises him absolute confidentiality. How should Marten respond?

- A. Agree that the information will be held in confidence, even though Marten knows it will not be
- B. Take Stefan's request straight to Acme Inc.'s management
- C. Tell Stefan that he will try to keep the information as confidential as possible
- D. Not agree to the request for confidentiality

Answer: C

NEW QUESTION 8

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

Answer: B

NEW QUESTION 9

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

Answer: B

NEW QUESTION 10

Effective risk management involves balancing which of the following?

- A. The organization s internal controls and its financial goals
- B. The organization s financial reporting model and its risk tolerance
- C. The organization s regulatory requirements and its available resources
- D. The organization s risk appetite and its ability to meet its objectives

Answer: C

NEW QUESTION 10

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

Answer: A

NEW QUESTION 11

Sofia, a Certified Fraud Examiner (CFE). look an introductory class in computer forensics When a client thought there might be evidence of a crime on his hard drive. Sofia decided to conduct a forensic examination of the hard drive even though she had no experience or advanced training in this area Sofia's conduct would likely be a violation of the ACFE Code of Professional Ethics

- A. True
- B. False

Answer: A

NEW QUESTION 16

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

- A. Organizational opportunity
- B. Absence of risk factors
- C. Potential legal punishment
- D. Social status

Answer: D

NEW QUESTION 21

Glenda. an internal auditor, and Bridgette. an accounts receivable clerk, have had several heated disagreements over accounting procedures and policies Glenda has just been told that she will be the lead on the company s fraud risk assessment. During the fraud risk assessment. Glenda should:

- A. Include her disagreements with Bridgette as a factor when assessing the risk of fraud in the accountsreceivable department
- B. Automatically designate the accounts receivable department as a high-risk area
- C. Confront Bridgette about the disagreements and discuss how they increase the departments risk of fraud
- D. Have someone else perform the fraud risk assessment work related to the accounts receivable departments activities

Answer: C

NEW QUESTION 26

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

Answer: C

NEW QUESTION 31

Julia is conducting a formal assessment of XYZ Corporation's ethical culture. To which of the five components of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control—Integrated Framework (the Framework) does her assessment pertain?

- A. Control environment
- B. Monitoring
- C. Control activities
- D. Information and communication

Answer: A

NEW QUESTION 34

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

NEW QUESTION 35

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

Answer: C

NEW QUESTION 40

The Public Interest Oversight Board (PIOB) is the global body responsible for establishing international corporate governance standards.

- A. True
- B. False

Answer: B

NEW QUESTION 42

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

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

Answer: D

NEW QUESTION 47

A report by a fraud examiner is privileged from disclosure by anyone other than the client.

- A. True
- B. False

Answer: A

NEW QUESTION 48

Which of the following is NOT one of the three general approaches used to control corporate crime?

- A. Consumer action to force change
- B. Voluntary changes in corporate attitudes and structure
- C. Media blacklisting of the organization
- D. Strong intervention of the government

Answer: B

NEW QUESTION 50

Article II of the ACFE Code of Professional Ethics prohibits illegal or unethical conduct, but it allows exceptions for unknowing violations of the law.

- A. True
- B. False

Answer: B

NEW QUESTION 53

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

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

Answer: D

NEW QUESTION 57

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

Answer: B

NEW QUESTION 58

Professional auditing standards suggest that auditors incorporate an "element of predictability" in the selection of auditing procedures to be performed so that they ensure the same areas are tested in the same manner during each audit.

- A. True
- B. False

Answer: A

NEW QUESTION 60

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