

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

Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam

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NEW QUESTION 1

In Fraud scale pressure, opportunity and integrity variables all results in a list of ____ possible red flags or indicators of occupational fraud and abuse.

- A. 81
- B. 82
- C. 83
- D. 84

Answer: B

NEW QUESTION 2

_____ 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 3

_____ 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 4

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 owning, operating and selling it?

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

Answer: A

NEW QUESTION 5

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 6

Which of the following is NOT the phase of the bidding process?

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

Answer: B

NEW QUESTION 7

Most of the shell company schemes involve the purchase of goods rather than services.

- A. True
- B. False

Answer: B

NEW QUESTION 8

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

- A. True

B. False

Answer: B

NEW QUESTION 9

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 10

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 10

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 14

Bid-rigging scheme occurs when:

- A. an employee fraudulently assists a vendor in winning a contract through the competitive bidding process.
- B. an employee does not assist a vendor in winning a contract through the competitive bidding process.
- C. an employee once assists a vendor in winning a contract through a single competitive bidding process.
- D. an employee once assists a vendor in winning a contract through a single competitive bidding process.

Answer: A

NEW QUESTION 19

The most basic skimming scheme occurs when:

- A. An employee sells goods or services to a customer, collects the customer's payment, but makes no record of the sale.
- B. An employee buy goods or services from a customer, drop the customer's payment, but makes no record of the purchase.
- C. An employee sells goods or services to a stakeholder, collects the stakeholder's payment and makes record of the sale too.
- D. An employee buy goods or services from a stakeholder, drop the stakeholder's payment and makes record of the purchase too.

Answer: A

NEW QUESTION 24

Which of the following is NOT standard of generally accepted accounting principles?

- A. Conservatism
- B. Cost
- C. Full disclosure
- D. Quality control

Answer: D

NEW QUESTION 26

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 31

_____ 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 33

When employee committing the fraud removes cash from the register and also the item allegedly being returned is debited back into the inventory, this refers to:

- A. Registry destroying records
- B. Register false voids
- C. Fraudulent register occurrences
- D. Concealing register disbursement

Answer: D

NEW QUESTION 36

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 41

A typical issue involving material and fraud would be:

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

Answer: B

NEW QUESTION 46

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 47

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 51

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 53

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 58

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 63

_____ is required if and when officers, executives or other persons in trusted positions become subjects of a criminal indictment.

- A. Conflict of interest
- B. Turnaround sale or flip
- C. Disclosure
- D. Resource diversion

Answer: C

NEW QUESTION 65

Which of the following search is used for unusually high incidence of returns and allowances scheme?

- A. Allowances by vendors
- B. Disposals of allowances than reorders
- C. Returns and allowances
- D. None of the above

Answer: C

NEW QUESTION 69

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 72

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 77

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 80

In which approach, fraudsters produce whatever financial statements they wish, perhaps using just a typewriter or a personal computer.

- A. Organized accounting
- B. Playing the accounting
- C. Beating accounting
- D. Outside accounting system

Answer: D

NEW QUESTION 81

_____ 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 85

When an incorrect total is carried from the journal to the ledger or from ledger to the financial statements, this method is called:

- A. Forced Balance
- B. Out-of-balance
- C. False balance
- D. None of all

Answer: A

NEW QUESTION 86

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

- A. True
- B. False

Answer: B

NEW QUESTION 89

The behavior profile of employees who are involved in bribery schemes may include:

- A. Gambling habit
- B. Extravagant lifestyle
- C. Drug and/or alcohol addiction
- D. All of the above

Answer: D

NEW QUESTION 94

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 98

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 99

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 101

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 105

A _____ is a day-by-day, or chronological, record of transactions

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

Answer: B

NEW QUESTION 110

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 114

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 115

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 116

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 117

The _____ cost method of pricing would carry an asset's value on the financial statements as what it would currently cost, considering inflation.

- A. Mastered
- B. Not Mastered

Answer: A

Explanation:

Price-level adjusted historical cost

NEW QUESTION 118

Maintain the presence of a manager or supervisor near the area of the cash register as a deterrent to theft is a prevention for:

- A. Fraudulent statement scheme
- B. Asset misappropriation scheme
- C. Larceny scheme
- D. Register disbursement scheme

Answer: D

NEW QUESTION 121

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

- A. True

B. False

Answer: A

NEW QUESTION 126

Which of the following factors is NOT included in most financial statement schemes?

- A. Fictitious revenues
- B. Persuasive Evidence
- C. Concealed liabilities and expenses
- D. Improper asset valuations

Answer: B

NEW QUESTION 127

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 132

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 135

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 136

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 138

_____ 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 142

Skimming cases can more likely to be detected by:

- A. Internal audits
- B. Accidents
- C. Internal controls
- D. occupational frauds

Answer: B

NEW QUESTION 145

Financial statement fraud is committed by:

- A. Organized criminals
- B. Mid and lower level employees
- C. Senior Management
- D. All of the above

Answer: D

NEW QUESTION 149

Which counts sometimes can give rise to inventory theft detection?

- A. Perpetual inventory counts
- B. Physical inventory counts
- C. Concealment inventory counts
- D. None of the above

Answer: B

NEW QUESTION 151

The excess credits (or debits) on the income statement are used to decrease (or increase) the equity account.

- A. True
- B. False

Answer: B

NEW QUESTION 156

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 159

_____ 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 164

Any expenses that are incurred but not paid by the end of the year are counted in our records of profit and loss, are called:

- A. Accruals
- B. Depreciations
- C. Expenses
- D. Financial record

Answer: A

NEW QUESTION 168

_____ are the amounts which are owned to other entities:

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

Answer: D

NEW QUESTION 171

_____ should be examined to see that all are properly documented and that inappropriate payments have not been made to employees.

- A. Payable cash
- B. Cash advances

- C. counterfeit checks
- D. Payable checks

Answer: B

NEW QUESTION 172

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 176

Delivery has not occurred or services have not been rendered when:

- A. Until installation and customer testing and acceptance has occurred.
- B. A written order exists but contains a right of return.
- C. Both A & B
- D. Neither A nor B

Answer: B

NEW QUESTION 179

The most common method for billing scheme is:

- A. Register
- B. Tips
- C. Accident
- D. None of the above

Answer: B

NEW QUESTION 180

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 182

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