



**Free Questions for CFE-Fraud-Prevention-and-Deterrence by
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Question 1

Question Type: MultipleChoice

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

Options:

- A- Fraud examiners should not relax their skeptical attitudes under any circumstances.
- B- Professional skepticism involves maintaining a mindset that no fraud has occurred
- C- Fraud examiners should form the engagement hypothesis without regard to the nature of the assignment
- D- Professional skepticism can be dispelled only by evidence

Answer:

D

Question 2

Question Type: MultipleChoice

In identifying the inherent fraud risks that could apply to the organization, the fraud risk assessment team should discuss:

Options:

- A- The organization's incentive programs
- B- The possibility of management's override of controls
- C- Risks to the organization's reputation
- D- All of the above

Answer:

D

Question 3

Question Type: MultipleChoice

The availability of suitable targets, absence of capable guardians, and presence of motivated offenders are the three most important elements that influence crime according to which of the following criminological theories?

Options:

- A- Conditioning theory
- B- Routine activities theory
- C- Rational choice theory
- D- Social control theory

Answer:

D

Question 4

Question Type: MultipleChoice

For Its compliance program to be effective, an organization must perform procedures to ensure management hires only ethical Individuals who exercise a substantial measure of discretion In acting on the organization's behalf

Options:

- A- True

B- False

Answer:

B

Question 5

Question Type: MultipleChoice

Which of the following is NOT a way that an organization's fraud risk assessment should be incorporated into the audit process?

Options:

- A-** It should be used to assess whether there is a moderate-to-high risk of management overriding controls within the moderate-to-high fraud risk areas.
- B-** It should be used to replace the auditor's own identification and assessment of fraud risks.
- C-** It should be used to increase awareness in the development of audit programs for areas that have been identified as having a moderate-to-high risk of fraud.
- D-** It should be used to design audit tests to evaluate whether the controls are operating effectively.

Answer:

B

Question 6

Question Type: MultipleChoice

Which of the following is TRUE regarding corporate governance?

Options:

- A-** Fraud risk management is considered to be the foundation of effective corporate governance
- B-** Corporate governance's primary purpose is to ensure the accuracy of the organization's financial reports
- C-** Effective corporate governance practices are most necessary in an organization in which the owners are also the individuals responsible for setting the corporate strategy.
- D-** An entity's corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization

Answer:

A

Question 7

Question Type: MultipleChoice

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

Options:

A- True

B- False

Answer:

B

Question 8

Question Type: MultipleChoice

Jody has been working at ABC Corp. for ten years. He steals funds from the company and tells himself that the company owes it to him for his "unrewarded hard work and loyalty" This situation BEST illustrates which leg of the Fraud Triangle?

Options:

- A- Perceived non-shareable financial need
- B- Rationalization
- C- Perceived opportunity
- D- Lack of personal Integrity

Answer:

B

Question 9

Question Type: MultipleChoice

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

Options:

- A- The fraud risk assessment can be effectively conducted by people inside or outside of the organization.
- B- To ensure the independence of the team members, a fraud risk assessment must be conducted by a consultant or other external party.
- C- If the individuals conducting the fraud risk assessment truly believe that fraud could not happen at the organization, then 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:

D

Question 10

Question Type: MultipleChoice

Susannah is conducting an external audit of a company in a jurisdiction that is subject to International Standards on Auditing (ISAs). While undertaking her audit procedures, she discovers evidence that senior management has been fraudulently manipulating the financial statements. Which of the following is Susannah's BEST response to these findings?

Options:

- A-** Susannah should confront management with her audit findings and try to get a confession.
- B-** Susannah should Immediately report her findings to the securities regulators
- C-** Susannah should report her findings to the audit committee of the board of directors.
- D-** Susannah should not disclose her findings to any other parties due to client confidentiality.

Answer:

C

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