

Pass ACFE CFE-Financial-Transactions-and-Fraud-Schemes Exam Info and Free Practice Test [Q54-Q73]



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New 2023 Latest Questions CFE-Financial-Transactions-and-Fraud-Schemes Dumps - Use Updated ACFE Exam

ACFE CFE-Financial-Transactions-and-Fraud-Schemes (Certified Fraud Examiner - Financial Transactions and Fraud Schemes) Certification Exam is a professional certification program developed by the Association of Certified Fraud Examiners (ACFE). CFE-Financial-Transactions-and-Fraud-Schemes exam is designed for professionals who are interested in developing their skills in detecting and preventing financial fraud in various industries. CFE-Financial-Transactions-and-Fraud-Schemes exam covers a wide range of topics, including financial transactions, fraud schemes, and investigation techniques.

The CFE certification is highly respected in the anti-fraud industry, and it is recognized by employers, government agencies, and professional organizations around the world. By obtaining the CFE certification, anti-fraud professionals can demonstrate their commitment to the field and their ability to effectively detect and prevent fraud. The Financial Transactions and Fraud Schemes section of the CFE exam is an important step in the certification process and provides a comprehensive overview of the types of fraud schemes that anti-fraud professionals may encounter.

QUESTION 54

Another way to eliminate competition in the solicitation phase of the selection process is to:

- * Solicit bid from fictitious suppliers
- * Solicit transaction from fictitious vendors
- * Solicit bid-splitting from fictitious vendors
- * None of the above

QUESTION 55

People commit financial statement fraud to:

- * Conceal false business performances
- * Preserve personal status/control
- * Maintain personal income
- * Stand outside the accounting system

QUESTION 56

The principal way to detect omitted credits from books of account is through:

- * Forced Balance
- * Trend analysis
- * Expense account
- * None of all

QUESTION 57

By what accountant means that the financial figures presented by the company are at least as much as reflected in the statements, if not more.

- * Fraudulent statement
- * Misappropriations
- * Conservatism
- * Matching

QUESTION 58

All of the following items appear on the balance sheet EXCEPT:

- * Liabilities
- * Cost of goods sold
- * Assets
- * Retained earnings

Explanation/Reference: <https://www.investopedia.com/articles/fundamental-analysis/10/creative-accounting-balance-sheet.asp>

KEY TAKEAWAYS

- On the balance sheet spotting creative accounting practices can be broken down into three categories for analysis: assets, liabilities, and equity.
- Overstating assets and/or understating liabilities leads to increased net income on the income statement.
- Fraudulently increasing net income can create the illusion of better performance, both by the company and management.
- Inflating assets and understating liabilities on the balance sheet can also improve key performance ratios that creditors may be interested in when assessing or following lines of credit.
- Overall, a company's balance sheet ratios are an important factor in performance assessment by all types of stakeholders and creatively improving them through balance sheet manipulation can have many advantages.

QUESTION 59

Which of the four basic measures, if properly installed and implemented may help prevent inventory fraud?

- * Proper documentation, segregation of duties, independent checks and physical safeguards
- * Proper documentation, segregation of duties, independent checks and inventory control
- * Proper documentation, physical padding, independent checks and physical safeguards
- * prenumbered affiliations, segregation of duties, independent checks and physical safeguards

QUESTION 60

What can make it easy for an employee to skim sales or receivables?

- * Revenue sources and recording procedures
- * Poor collection and recording procedures
- * Internal audits and recording procedures
- * Register manipulations and recording procedures

QUESTION 61

_____ involves purposeful misreporting of financial information about the organization that is intended to mislead those who read it.

- * Fraudulent statement
- * Corruption
- * Asset misappropriations
- * None of above

QUESTION 62

Asset misappropriation schemes were the “middle children” of the study; they were more common than fraudulent statements and more costly than corruption.

- * True
- * False

QUESTION 63

“Anticipate possible losses and omit potential profits”, this results in:

- * Asymmetrical accounting
- * Symmetrical accounting
- * Playing accounting
- * Bearing accounting

QUESTION 64

Which of the following is a common red flag of procurement fraud schemes involving collusion among contractors?

- * More competitors than usual submit bids on a project or product.
- * Bid prices rise when a new contractor enters the competition.
- * The winning bidder does not subcontract any work to a third party.
- * There is a pattern where the last party to bid wins the contract.

Explanation/Reference:

<https://iacrc.org/procurement-fraud/the-most-common-procurement-fraud-schemes-and-their-primary-red-flags/>

The major **red flags** of collusive bidding

- Winning bid too high compared to cost estimates, published price lists, similar jobs or industry averages; persistent high prices over time
- Rotation of winning bidders by job, type of work or geographical area
- Losing bidders hired as subcontractors
- Unusual bid patterns. For example, the bids are:
 - Too high
 - Too close
 - Too consistent
 - Too far apart
 - Round numbers
 - Incomplete Identical or similar to prior or other bid
- Apparent connections between bidders: common addresses, personnel, phone numbers, etc.

QUESTION 65

A variation between the physical inventory and the perpetual inventory totals is called:

- * Altered inventory
- * Account receivable
- * Shrinkage
- * Write-offs

QUESTION 66

Verify supporting documentation on outstanding checks written for a material amount is a test used to conduct for:

- * Check disbursement
- * Bank confirmation
- * Bank confirmation
- * Cut-off statements

QUESTION 67

Neil, a Certified Fraud Examiner (CFE), discovers that a borrower used the same property as a security, or guarantee, to obtain multiple loans from different financial institutions before they were recorded on his credit report. Which type of loan fraud BEST describes the scheme Neil uncovered?

- * Single-family housing loan fraud
- * Linked financing
- * Double-pledging collateral
- * Reciprocal loan arrangements

QUESTION 68

In _____ scheme, an employee creates false vouchers or submits false invoices to the employer.

- * Sale requisition
- * Purchase requisition
- * Voucher handling
- * Cash generating

QUESTION 69

Green was a salesperson whose job required frequent travel. When Green went on a trip with her family that was not business related, she saved the receipts from her flight, hotel, and restaurant expenses. She turned in these receipts to her manager along with an expense report that described the expenses as business related.

Green's company reimbursed her for the expenses. This is an example of what type of expense reimbursement scheme?

- * A mischaracterized expense scheme
- * An overstated expense scheme
- * A multiple reimbursement scheme
- * A fictitious expense scheme

Explanation/Reference: <https://www.bakertilly.com/insights/expense-reimbursement-schemes>

QUESTION 70

A shell company scheme in which actual goods or services are sold to the victim company is known as:

- * Maintenance scheme
- * Allocation scheme
- * Distribution scheme
- * Pass-through scheme

QUESTION 71

Vertical analysis can BEST be described as:

- * A technique for measuring the relationship between any two different financial statement amounts
- * A technique for comparing the performance of a parent company to one of its subsidiaries
- * A technique for analyzing the relationships among financial statement items where components are expressed as percentages of a specified base value.
- * A technique for analyzing the percentage change in individual financial statement line items from one accounting period to the next accounting period.

Explanation/Reference: <https://www.investopedia.com/articles/financial-theory/11/detecting-financial-fraud.asp>

QUESTION 72

All of the following are common ways that a procuring employee might engage in a bid manipulation scheme EXCEPT:

- * Charging for costs that are not allowable
- * Altering bids
- * Opening bids prematurely
- * Extending bid opening dates without justification

QUESTION 73

Which of the following is a FALSE statement regarding check fraud?

- * A check fraud operation can be started with a computer, scanner, and printer.
- * The equipment required to commit check fraud is relatively inexpensive.
- * Check fraud is considered very risk due to the high likelihood of prosecution.
- * The penalties for committing check fraud tend to be relatively mild.

Explanation/Reference: <https://www.lifelock.com/learn/fraud/what-is-check-fraud>

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