ACFE

CFE-Fraud-Prevention-and-Deterrence

Certified Fraud Examiner - Fraud Prevention and Deterrence Exam

Version 16.2

QUESTIONS & ANSWERS

DEMO VERSION

(Limited Access)

Get the full exam:
https://certshost.com/product/cfe-fraud-prevention-and-deterrence

Question 1. (Single Select)

Benjamin, a Certified Fraud Examiner (CFE). was contacted regarding an engagement to investigate a complex money laundering case spanning numerous international jurisdictions and involving multiple cutting-edge technologies. Benjamin had previously attended a seminar on investigating money laundering schemes, but he had no other training or experience in such cases. However, he accepted the engagement and chose to conduct the work himself. Benjamin's conduct would likely be a violation of the ACFE Code of Professional Ethics.

A: True

B: False

Answer: A

Explanation:

Understanding the ACFE Code of Professional Ethics:The ACFE Code of Professional Ethics requires Certified Fraud Examiners to demonstrate competence and due care in their professional services.

Specifically:

Rule 2 states that CFEs must "perform all professional engagements with due diligence."

Rule 4 emphasizes that CFEs must "avoid conduct that discredits the profession or the Association."

Competence and Due Care:

Benjamin, despite his attendance at a seminar on money laundering, lacks the requisite expertise or experience in investigating complex money laundering cases. Accepting an engagement of this nature without possessing adequate training, knowledge, or resources indicates a failure to exercise due care.

The Code emphasizes the importance of competence, meaning professionals must decline engagements that exceed their expertise unless they involve qualified individuals or teams.

Violation Assessment:

By choosing to conduct the investigation alone, Benjamin disregards the ethical requirement to ensure competence and quality in professional work. This likely jeopardizes the investigation's integrity and results. This conduct could lead to suboptimal outcomes, legal liabilities, and reputational harm, which discredit the profession, violating the ACFE ethical framework.

Conclusion:Benjamin's decision is a breach of the ACFE Code of Professional Ethics because he failed to ensure adequate preparation, skills, and resources for the engagement.

ACFE Code of Professional Ethics: Sections on Competence and Due

Relevant standards and case studies from "Auditor Essentials" and "Excel for Auditors," emphasizing

ethical adherence in engagements .

Question 2. (Single Select)

The theory of differential association is used frequently lo explain white-collar criminality. Which of the following is NOT one of the assertions or principles of differential association?

A: Criminal behavior is explained by an individual's general needs and values.
B: Criminal behavior is acquired through participation with intimate personal groups.
C: Criminal behavior is learned from other people in a process of communication.
D: Criminal behavior is learned using the same mechanisms as other learning

Answer: A

Explanation:
ð· Theory of Differential Association:
This theory suggests that criminal behavior is learned through interaction with others, primarily within intimate groups.
Principles of the theory include:
Learning through communication.
Acquiring criminal knowledge similarly to other forms of learning.
ð· Why A is Incorrect:
General needs and values, such as poverty or desire for wealth, do not directly explain criminal behavior under this theory. Instead, the behavior is attributed to learned influences from others.
ð· Clarification of Other Options:
B, C, and D accurately reflect the principles of differential associat

Question 3. (Single Select)

Which of the following is FALSE regarding a fraud risk assessment?

A: The objective of the assessment is to help the organization identify what makes it most vulnerable to fraud.
B: The assessment should be used to improve employee fraud awareness
C: The assessment team should consider how employees behave as part of its assessment

D: The designation of an area as high risk should only occur if the assessment has conclusively revealed that fraud is occurring there.

Answer: D

Explanation:

Purpose of Fraud Risk Assessment:

The goal is to identify vulnerabilities to fraud and implement preventive measures, not to wait for conclusive evidence of fraud before designating high-risk areas.

Proactive Identification:

High-risk areas are identified based on susceptibility to fraud (e.g., lack of controls, high cash transactions), even if no fraud has been detected. This approach allows organizations to act preemptively.

Improving Fraud Awareness:

Employee education and behavior monitoring are integral components of the assessment process to reduce fraud risks.

Incorrect Assumption in D:

Waiting for conclusive evidence contradicts the proactive nature of fraud risk assessment and undermines its preventative function .

Reference for All Questions:

ACFE Code of Professional Ethics .

Auditor Essentials on fraud prevention and deterrence principles .

COSO and risk assessment frameworks in internal controls .

Question 4. (Single Select)

Which of the following is NOT included in G20/OECD Principles of Corporate Governance (the Principles)?

A: Guidance regarding appropriate board structures, responsibilities, and procedures

B: Support for establishing stronger protection for foreign shareholders than for domestic shareholders

C: A request that governments have in place an appropriate framework to support good corporate governance practices

D: Recognition of the importance of the role of stakeholders in corporate governance

Answer: B

Explanation:

Understanding G20/OECD Principles of Corporate Governance:These principles provide a framework to improve corporate governance worldwide. Key elements include board responsibilities, shareholder rights, equitable treatment, and stakeholder roles.

Analysis of Options:

A . Guidance on board structures:This is included in the principles to ensure effective governance and oversight.

C . Framework for corporate governance:Governments are encouraged to create legal and regulatory frameworks supporting corporate governance.

D . Stakeholder importance:Stakeholders' roles in governance are recognized, acknowledging their contribution to sustainable business practices.

B . Stronger protection for foreign shareholders:The principles advocate for equitable treatment of all shareholders, not preferential treatment for any group.

Conclusion:Option B contradicts the principle of equitable treatment, making it the correct answer.

Question 5. (Single Select)

Which of the following is NOT an effective way to help prevent fraud through the organization's performance measurement and management programs?

A: Including ethics-based metrics as a component of performance evaluations

B: Providing regular training to ensure that all employees are sufficiently prepared to perform their tasks

C: Establishing loosely defined job descriptions that allow employees flexibility in their roles

D: Tying employee compensation to reasonable organizational performance goals

Answer: B

Explanation:

Fraud Prevention Through Performance Management:Performance measurement and management programs can play a role in preventing fraud by ensuring accountability, setting ethical expectations, and reinforcing organizational goals.

Analysis of Options:

A . Ethics-based metrics:Encourages accountability and reduces fraud risks.

B . Regular training:Ensures employees are competent, reducing errors and opportunities for fraud.

D . Reasonable performance goals:Prevents pressure to commit fraud by setting realistic benchmarks.

C . Loosely defined job descriptions:This creates ambiguity, reduces accountability, and increases the risk of fraud, making it ineffective.

Conclusion:Option C is not an effective way to prevent fraud.

Thank you

for using CertsHost

Pass Your Certification With CertsHost Guarantee

Get the full CFE-Fraud-Prevention-and-Deterrence exam:

https://certshost.com/product/cfe-fraud-prevention-and-deterrence

Save $20 · Use coupon code:

HURRY20

sales@certshost.com

support@certshost.com