

FRAUD PREVENTION 2

1. A behaviourist view of the workplace advocates the use of incentive programmes and task-related bonuses as a way to deter employees from ethical and legal violations.
☒ A. True
☐ B. False
2. Ownership of an equity share in a publicly traded company provides an investor with a right to certain information about the corporation and a right to influence the corporation through participation in general shareholder meetings and elections.
☒ A. True
☐ B. False
3. Which of the following mechanisms can be used to help increase the perception of detection in an organisation?
☐ A. Hotlines ✓
☐ B. Rewards for whistleblowers ✓
☐ C. Employee anti-fraud education ✓
☒ D. All of the above
4. The results of the fraud risk assessment should be reported using a standardised risk assessment report developed by the ACFE or another professional association.
☐ A. True
☒ B. False
5. Which of the following is NOT one of the components of COSO's Enterprise Risk Management—Integrated Framework?
☐ A. Monitoring ✓
☐ B. Internal environment ✓
☒ C. Corporate compliance ✓
☐ D. Risk assessment ✓
6. _____ play a critical role in enhancing the reliability of financial information by attesting as to whether the financial statements prepared by management fairly present the financial position and past performance of the public enterprise in compliance with accepted accounting standards.
☐ A. Members of the board of directors
☐ B. Internal auditors
☐ C. Government regulators
☒ D. Independent auditors
7. In general, the lowest level of reference for making moral decisions is:
☐ A. Individual standards
☐ B. Philosophical principles
☒ C. The law
☐ D. None of the above
8. In general, the lowest level of reference for making moral decisions is:

- A. Individual standards
- B. Philosophical principles
- ☒ C. The law
- D. None of the above

9. A fraud risk assessment report should contain a detailed, comprehensive list of every assessment finding and all suggested responses so that management can address each issue within the company, no matter how small.

- ☒ A. True
- ☐ B. False

10. When determining the relevance of certain fraud risk factors within an entity, the auditor should consider:

- A. The size of the entity
- B. The ownership of the entity
- C. The complexity of the entity
- ☒ D. All of the above

11. ISA 240 requires auditors to discuss how management could perpetrate or conceal fraud.

- ☒ A. True
- ☐ B. False

12. According to Reiss and Biderman, _____ violations are those violations of law . . . that involve the use of a violator's position of economic power, influence, or trust in the legitimate economic or political institutional order for the purpose of illegal gain, or to commit an illegal act for personal or organisational gain.

- A. Organized crime
- B. Violent crime
- C. Environmental crime
- ☒ D. White-collar crime

13. Social control theory asserts that the less attached an individual is to social institutions and groups, the greater his or her chances of violating the law are.

- ☒ A. True
- ☐ B. False

14. According to the authors of Crimes of the Middle Classes, advertising influences economic crimes by promising that no one has to settle for second best.

- ☒ A. True
- ☐ B. False

15. Which of the following is an example of the non-sustainable financial need leg of the fraud triangle?

- A. Gambling debts
- B. Credit card debt from excessive shopping
- C. Addiction problems
- ☒ D. All of the above

16. Which of the following is a responsibility that the internal auditor should carry out in conducting audit engagements?

- A. Evaluate the indicators of fraud and decide whether any further action is necessary or whether an investigation should be recommended
- B. Evaluate whether management is actively retaining responsibility for oversight of the fraud risk management programme
- C. Consider fraud risks in the assessment of internal control design and determination of audit steps to perform
- ☒ D. All of the above
- * 17. Which of the following is an effective way to help prevent fraud through the organisation's performance measurement and management programmes?
- ☒ A. Placing the responsibility for identifying training needs and performance deficiencies in the employee's hands
- B. Tying employee compensation to aggressive organizational performance goals
- ☒ C. Including ethics-based metrics as a component of performance evaluations
- D. Establishing loosely defined job descriptions that enable employees flexibility in their roles.
18. A detailed fraud prevention policy should outline the types of actions that are considered to be fraud. Which of the following should be included on that list?
- A. Misapplication of funds or assets
- B. Profiting on insider knowledge
- C. Forgery or alteration of documents
- ☒ D. All of the above
19. Which of the following is NOT an effective response for addressing the risk of material misstatement due to fraud during a financial statement audit?
- A. Consulting with specialists regarding a particularly technical issue
- ☒ B. Implementing auditing procedures on an unannounced basis
- ☒ C. Engaging in consistent auditing procedures each year
- D. Using differing sampling methods when collecting data for audit testing
20. Which of the following parties has some responsibility regarding an organisation's fraud detection and prevention efforts?
- A. Board of directors
- B. In-house legal counsel
- C. Management
- ☒ D. All of the above
21. Which of the following is a principle pertaining to the information and communication component of COSO's Internal Control—Integrated Framework?
- A. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- B. The organization communicates with external parties regarding matters affecting the functioning of internal control
- C. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control
- ☒ D. All of the above
22. The fraud triangle theory can be used to explain every instance of fraudulent conduct.

A. True

☒ B. False

23. According to the authors of Crimes of the Middle Classes, which of the following factors have contributed to the rising problem of economic crime?

A. The economy's increased reliance on credit ✓

B. The increased opportunity for wrongdoing as a result of advancing information technologies —

C. The continued pressures of a culture that rewards affluence and success

☒ D. All of the above

1. According to the 2014 Report to the Nations, which of the three major categories of occupational fraud has the highest median loss?

A. Identity theft

B. Asset misappropriation

C. Corruption

☒ D. Financial statement fraud

24. Criminological research has generally concluded that punishing an individual for undesirable behaviour will temporarily suppress the behaviour as long as the punishment is applied directly and continuously, but, that the behaviour will likely return once the punishment is discontinued.

☒ A. True

B. False

25. The fraud risk assessment team might include:

A. Accounting and finance personnel

B. The general counsel

C. External consultants

☒ D. All of the above

26. Which of the following types of personnel can potentially bind a corporation through their own misconduct?

A. Low-level employees

B. Independent contractors

C. Executive officers and directors

☒ D. All of the above

27. According to COSO, _____ is a process that is designed to identify potential events that may affect the entity and manage risk to be within its risk appetite in order to provide reasonable assurance regarding the achievement of the entity's objectives.

A. Fraud prevention

B. Corporate governance

C. Internal control

☒ D. Enterprise risk management

28. According to criminologist Charles McCaghy, _____ is the single most compelling factor behind deviance by organisations.

A. Government regulation

☒ B. Profit pressure

C. Employee demands

- D. None of the above
29. Which of the following factors should an organisation consider when designing the components of its compliance and ethics programme?
- A. Organization size
 - B. Recurrence of similar conduct
 - C. Industry size and standards
 - ☒ D. All of the above
30. According to ISA 240, the auditor's assessment of the risk of material misstatement due to fraud at the financial statement level should have an effect on which of the following aspect(s) of an audit?
- A. Choice of auditing procedures
 - B. Assignment and supervision of personnel
 - C. Consideration of accounting principles used
 - ☒ D. All of the above
31. If an action is legal, it is also ethically correct.
- A. True
 - ☒ B. False
32. Fraud risk assessment frameworks are valuable because they have been developed to be applied as-is within any organisation.
- A. True
 - ☒ B. False
33. Which of the following is one of the interrelated components of a company's internal control system, as laid out by COSO?
- A. Ethical culture
 - ☒ B. Risk assessment
 - C. Independent oversight
 - D. Assurance function
34. Sound corporate governance practices ensure that all stakeholders are treated equitably and are given just and appropriate consideration.
- ☒ A. True
 - B. False
35. Which of the following is true according to differential reinforcement theory?
- A. Behavior is weakened by positive stimuli. ✓
 - B. Behavior is weakened when punishment is avoided. ✓
 - C. Behavior is reinforced by negative stimuli. ✗
 - ☒ D. Behavior is reinforced when rewards are gained. ✓
36. The two primary strategies to control corporate criminal behaviour are:
- ☒ A. Compliance and deterrence
 - B. Enforcement and compliance
 - C. Deterrence and enforcement
 - D. None of the above
37. Which of the following most exemplifies the rationalisation leg of the fraud triangle?

- ~~A.~~ "Management is dishonest, so why shouldn't I be?"
- B. "I need the money to repay my drug dealer so no one will find out about my habit."
- C. "I'm confident I won't get caught"
- D. "I'm in so much debt, I don't have any other way to pay my bills"
- *38. According to The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, internal auditors must apply the care and skill of an expert whose primary responsibility is investigating fraud.
- A. True
- ~~B.~~ False
39. Ineffective monitoring of management, a complex organisational structure, and deficient internal control components are all examples of which type of fraud risk factor relating to fraudulent financial reporting?
- ~~A.~~ Opportunities *
- B. Attitudes/ rationalizations
- C. Pressures/ incentives
- D. None of the above
40. Edward Gross and other criminologists have asserted that organisations are inherently:
- A. Exploitative
- ~~B.~~ Criminogenic
- C. Averse to misconduct
- D. None of the above
41. The commission formed in 1985 with the purpose of defining the responsibility of the auditor in preventing and detecting fraud is known as the:
- A. Klaas Commission
- ~~B.~~ Treadway Commission
- C. Gephart Commission
- ~~D.~~ None of the above
42. According to the OECD Principles of Corporate Governance, an entity's corporate governance framework should:
- A. Ensure the equitable treatment of all shareholders, including minority and foreign shareholders.
- B. Encourage active cooperation between corporations and stakeholders in creating wealth and jobs
- C. Ensure the timely and accurate disclosure of all material matters regarding the corporation
- ~~D.~~ All of the above
43. The external auditor should perform which of the following procedures to obtain information to use in identifying the risks of material misstatement due to fraud?
- A. Make inquiries of management and others within the entity to obtain their views on the risks of fraud
- B. Evaluate any unusual or unexpected relationships that have been identified in performing analytical procedures
- C. Consider whether the information obtained from the risk assessment procedures indicates that fraud risk factors are present

- ~~D.~~ All of the above
44. Having an auditor ask employees questions such as "Has anyone ever asked you to do anything that you felt was illegal or unethical?" can be an effective method of uncovering fraud within an organisation.
- ~~A.~~ True ✓
- B. False
45. Of the following, which is the most effective method of preventing fraud?
- A. Screening employees
- B. Conducting covert audits
- ~~C.~~ Increasing the perception of detection ✓
- D. Having an open-door policy
46. In response to a risk identified during a fraud risk assessment, management decides to implement appropriate countermeasures, such as prevention and detection controls. This response is known as:
- A. Transferring the risk ✓
- B. Avoiding the risk ✗
- ~~C.~~ Mitigating the risk ✓
- D. Assuming the risk ✗
47. The research of Dr. Steve Albrecht found which of the following personal characteristics to be the top-ranked motivating factor to commit fraud?
- A. Dislike of boss ✓
- ~~B.~~ Living beyond means ✓
- C. Dislike of company
- D. Criminal personality
48. According to Skinner, which of the following is the most effective way to modify a person's behaviour?
- A. Ignoring it
- ~~B.~~ Positive reinforcement ✓
- C. Punishment ✓
- D. None of the above
49. The term white-collar crime was first coined by which of the following scholars?
- A. Sigmund Freud
- ~~B.~~ Edwin H. Sutherland ✓
- C. Donald R. Cressey
- D. Immanuel Kant
50. Good corporate governance is based on a framework that:
- A. Remains adaptable
- B. Is appropriate for the organization's legal and regulatory environment
- C. Takes into account the organization's cultural and ethical environment
- ~~D.~~ All of the above ✓
- ~~51.~~ Which of the following is NOT one of the principles involved in the risk assessment process, as laid out by COSO?

- ☒ A. Conducting ongoing monitoring of the risk management strategy
B. Assessing changes that could significantly impact the internal control system
☒ C. Setting clear organizational objectives
D. Considering the potential for fraud
52. Which of the following parties is ultimately responsible for the prevention and detection of fraud within an organisation?
- A. External auditors
B. Board of directors
☒ C. Management
D. Internal auditors
53. According to the IOSCO Principles for Auditor Oversight, effective oversight of the auditing profession generally includes:
- A. A mechanism to require auditors to be subject to the discipline of an auditor oversight body that is independent of the audit profession
B. A mechanism to require that auditors have proper qualifications and competency
C. A mechanism to require that auditors are independent of the enterprises that they audit
☒ D. All of the above
54. According to B. F. Skinner's behaviourist theories, destructive workplace behaviour, such as fraud, can be deterred by rewarding honesty and openness.
- ☒ A. True
B. False
55. The majority of people who commit occupational fraud are repeat offenders with prior criminal records.
- A. True
☒ B. False
56. Research shows that a criminal's social status or class is the determinant aspect of white-collar crime.
- A. True
☒ B. False
- * 57. In a public company, the CEO should be charged with having primary responsibility for the oversight of the company's compliance programme.
- ☒ A. True
☒ B. False
58. Document retention policies should cover which of the following types of documents?
- A. Client correspondence
B. Employment records
C. Accounting records
☒ D. All of the above
59. Effective corporate governance is the foundation of fraud risk management.
- ☒ A. True
B. False

60. Systems based on the compliance theory of crime control attempt to achieve conformity to the law without having to detect, process, or penalise violators.

☒ A. True

☐ B. False

61. Research has shown that many executives justify illegal behaviour as simply common practice in the business world.

☒ A. True

☐ B. False

62. The Treadway Commission was established with the purpose of defining the responsibility of the auditor in preventing and detecting fraud.

☒ A. True

☐ B. False

63. A positive reinforcement presents a positive stimulus in exchange for the desired response.

☒ A. True

☐ B. False

64. Research has shown that most embezzlers appear outwardly successful, but they are often mired in debt.

☒ A. True

☐ B. False

65. Clinard and Yeager believe corporate crimes are increasingly difficult to detect because:

A. Accounting techniques are more sophisticated

B. Criminals are smarter

☒ C. Violations are more complex

D. None of the above

66. The purpose of corporate governance is to:

A. Ensure the accuracy and reliability of the organization's financial reports

B. Prevent and detect financial misstatements, whether caused by errors or fraud

C. Provide reasonable assurance regarding the organization's compliance with applicable laws and regulations.

☒ D. Encourage the efficient use of resources and require accountability for the stewardship of resources and require accountability for the stewardship of those resources.

67. In order for its compliance programme to be effective, an organisation must communicate the programme to all its employees through training programmes.

☒ A. True

☐ B. False

68. According to International Standard on Auditing (ISA) 240, _____ involves intentional misstatements in the financial statements to deceive financial statement users.

☒ A. Fraudulent financial reporting

B. A financial reporting error

C. A financial report item adjustment

D. An auditor misrepresentation

69. Most experts agree that it is much easier to detect fraud than it is to prevent it.

A. True

☒ B. False

70. The way that management handles incidents of fraud within the organisation plays an important role in its fraud prevention programme.

☒ A. True

B. False

71. A fraud risk assessment report should contain a detailed, comprehensive list of every assessment finding and all suggested responses so that management can address each issue within the company, no matter how small.

☒ A. True

☒ B. False

72. What is the objective of a fraud risk assessment?

A. To establish the guilt or innocence of an employee suspected of committing fraud ✗

B. To assess the design and effectiveness of an organization's internal controls over financial reporting

☒ C. To help an organization identify what makes it most vulnerable to fraud ✓

D. To provide an estimate of an organization's fraud losses ✓

73. Which of the following is TRUE regarding the process of defining the objective of the fraud-risk management programme?

A. Management must balance the investment in anti-fraud controls with the benefit of those controls and the amount of risk it is willing to accept

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 programme would have prevented them

☒ D. All of the above ✓

74. According to Managing the Business Risk of Fraud, an organisation's anti-fraud policy should include consequences for individuals who condone fraudulent activity.

☒ A. True

B. False

75. Which of the following statements is TRUE in regard to an organisation's fraud risk management programme?

A. There should be measures in place to address failures in the design or operation of anti-fraud controls, as well as fraud occurrences

B. Formal sanctions for intentional noncompliance must be well-publicized and carried out in a consistent and firm manner

C. A specific team or individual should be designated as responsible for monitoring compliance and handling suspected instances of noncompliance

☒ D. All of the above ✓

76. Professional organisations, such as the Association of Certified Fraud Examiners, have codes of ethics because:

- A. They provide more direct solutions to professional ethical dilemmas than might exist under general ethical principles
- B. They facilitate practical enforcement and profession-wide internal discipline
- C. They serve as an ethical reference and a benchmark
- ☒ D. All of the above
77. In the context of a fraud examination, a mindset of professional scepticism means:
- A. The fraud examiner's professional skepticism can be dispelled only by evidence —
- B. Fraud examiners should always begin their assignments with the belief that something is amiss —
- C. Fraud examiners should relax their attitude of skepticism only when the evidence shows no signs of fraud
- ☒ D. All of the above
78. The CFE Code of Professional Ethics prohibits CFEs from engaging in conflicts of interest. Which of the following situations should a CFE avoid to ensure compliance with this rule?
- A. Undertaking an engagement to secretly infiltrate the CFE's employing organization and transmit inside information to another party —
- B. Undertaking engagements that create a hardship or loss to the CFE's full-time employer —
- C. Undertaking engagements for both sides to a particular controversy or issue —
- ☒ D. All of the above
79. The size of the fraud risk assessment team will depend on the size of the organisation and the methods used to conduct the assessment.
- ☒ A. True
- B. False
80. An entity's corporate culture is most effectively assessed using a checklist of initiatives to make sure all the elements of a strong tone at the top are in place.
- ☒ A. True
- ☐ B. False
81. A corporate compliance programme will only be effective if the company consistently punishes employees who violate the programme.
- ☒ A. True
- B. False
82. According to the COSO Internal Control model, an organisation should perform both ongoing evaluations and periodic, separate evaluations to ascertain whether the components of internal control are present and functioning.
- ☒ A. True
- B. False
83. According to the OECD Principles of Corporate Governance, companies should disclose all financial information to investors, regardless of the cost burden of the disclosure or the disclosure's possible negative effects on the company's competitive position.
- A. True
- ☒ B. False
84. Sociologist Edward Gross has asserted that organisations' reliance on profit makes them inherently prone to committing fraud.

- ☒ A. True
☐ B. False

85. According to Diane Vaughan, linking employees' needs and goals to the company's success can encourage unlawful conduct by individuals on the organisation's behalf.

- ☒ A. True
☐ B. False

86. According to the 2014 Report to the Nations, Certified Fraud Examiners estimate that organisations lose ___ percent of revenues to fraud and abuse each year.

- A. 2
B. 10

- ☒ C. 5
D. 4

87. Steve Albrecht's research indicates that the personal characteristics most common among fraud perpetrators are a tendency to live beyond their means, an overwhelming desire for personal gain, and high personal debt.

- ☒ A. True
☐ B. False

88. Effective ownership and reporting structures within an organisation are necessary for ensuring which of the following principles of corporate governance?

- A. Fairness
☒ B. Accountability
C. Responsibility
☒ D. Transparency

89. The OECD Principles of Corporate Governance include which of the following?

- A. A request that governments have in place an appropriate framework to support good corporate governance practices
B. An emphasis on the importance of timely, accurate and transparent disclosure mechanisms
C. Recognition of the importance of the role of stakeholders in corporate governance
☒ D. All of the above

*90. According to The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, due professional care implies infallibility.

- ☒ A. True
☒ B. False

91. Which of the following factors should auditors include in their discussion on the financial statements' susceptibility to fraud, as required by ISA 240?

- A. How a company's assets could be misappropriated
B. Factors that indicate a culture that enables individuals to rationalize committing fraud.
C. How and where they believe the financial statements might be susceptible to fraud
☒ D. All of the above

92. Because the potential of being caught most often persuades tempted individuals not to commit a fraud, the existence of a thorough control system is essential to fraud prevention.

- ☒ A. True

B. False

93. Managers should be instructed to observe employees' lifestyles for warning signs of fraud, and employees should know that supervisors are watching for unexplained or suspicious anomalies of this nature.

☒ A. True

B. False

94. A fraud risk assessment report should reflect the assessment team's subjective perspective and opinions that were formed during the assessment engagement.

A. True

☒ B. False

95. Following the conclusion of the fraud risk assessment process, management should:

A. Use the results to promote awareness, education and action planning

B. Track and measure progress against agreed-upon action plans

C. Use the assessment findings to monitor the performance of key internal controls

☒ D. All of the above

96. An organisation's fraud risk management team should be contained within one department to ensure proper delegation, coverage, and oversight of the team's roles and responsibilities.

A. True

☒ B. False

97. Which of the following is a fraud examiner permitted to express an opinion regarding?

A. The innocence of a particular individual ✓

☒ B. The effectiveness of an organization's internal controls ✓

C. The guilt of a particular individual ✓

☒ D. None of the above

98. Management at Blue Sky, Inc. has decided to implement a formal risk management programme and is using a risk management framework as a starting point. In developing the programme, management should tailor the framework to the organisation's:

A. Financial condition ✓

B. Regulatory environment ✓

C. Culture ✓

☒ D. All of the above

99. A detailed fraud prevention policy can give management legal grounds to investigate and punish violators.

☒ A. True

B. False

100. According to COSO, the control environment of an organisation:

A. Provides the foundation for the overall internal control system

B. Sets the moral and ethical tone of the organization

C. Is established by directors and senior management

☒ D. All of the above

101. _____ in the context of corporate governance generally refers to the clarity, accuracy, completeness, and timeliness of the financial statements and other information provided by management to shareholders.

- A. Fairness
- ~~B. Accountability~~
- ☒ C. Transparency
- D. Responsibility

* 102. White-collar criminals are more likely to be fined than to face prison terms as punishment.

- ~~A. True~~
- B. False

103. According to the 2014 Report to the Nations on Occupational Fraud and Abuse, use of proactive data monitoring and analysis can help reduce the impact of fraud on an organisation.

- ~~A. True~~
- B. False

104. The INTOSAI fundamental principles for public-sector audits include requirements that the auditor:

- A. Be independent ✓
- B. Possess the necessary skills to successfully complete the audit ✓
- C. Exercise professional judgment and due care throughout the audit ✓
- ~~D. All of the above~~

105. Proactive audit procedures, such as fraud assessment questioning and surprise audits, can help demonstrate management's intention to aggressively seek out fraud.

- ~~A. True~~
- B. False

106. When deciding on techniques to use as part of a fraud risk assessment, the assessment team should consider what methods are already commonly and effectively used throughout the organisation.

- ~~A. True~~
- B. False

107. Fraud risk management involves weighing an organisation's strategic, operational, reporting, and compliance objectives against how much risk management is willing to accept.

- ~~A. True~~
- B. False

108. Management must assign a quantitative measure to its risk appetite so that it can accurately measure the fraud risk management programme's effectiveness.

- A. True
- ~~B. False~~

109. The Certified Fraud Examiner Code of Professional Ethics contains sections covering which of the following?

- A. Professional improvement ✓
- B. Basis for opinions ✓

- C. Confidential information
~~D. All of the above~~
110. The CFE Code of Professional Ethics explicitly prohibits which of the following?
A. Unethical conduct
B. Conflicts of interest
C. Illegal conduct
~~D. All of the above~~
111. The risk of the auditor not detecting a material misstatement resulting from employee fraud is greater than the risk of the auditor not detecting a material misstatement resulting from management fraud.
A. True
~~B. False~~
112. The Organisation for Economic Co-operation and Development has developed a detailed corporate governance policy that can be effectively applied to all organisations.
A. True
~~B. False~~
- ~~113.~~ Misbehaviour is less likely to be detected and punished in a complex organisational structure than in a simple organisational structure.
~~A. True~~
~~B. False~~
114. In their studies, Clinard and Yeager found that illegal behaviour by a corporation is most often suppressed by consumer pressure.
~~A. True~~
~~B. False~~
115. Fraud risk management programmes should focus on:
A. Detecting fraud
B. Responding to identified fraud
C. Preventing fraud
~~D. All of the above~~
116. To ensure the independence of the team members, a fraud risk assessment must be conducted by a consultant or other external party.
A. True
~~B. False~~
117. The OECD Principles of Corporate Governance are required to be implemented by all corporations in the jurisdictions that have officially adopted them.
A. True
~~B. False~~
118. The criminologist responsible for the well-known hypothesis of the fraud triangle is:
A. Marshall B. Clinard
~~B. Donald R. Cressey~~
C. Immanuel Kant
D. None of the above

119. According to a study conducted by Dr. Steve Albrecht, occupational crime perpetrators who were interested primarily in "beating the system" committed larger frauds than those who believed their pay was not adequate.
- ☒ A. True
☐ B. False
120. As part of a fraud risk assessment, the assessment team should identify the individuals most likely to commit fraud and the methods they are likely to use.
- ☒ A. True
☐ B. False
121. Certified Fraud Examiners are absolutely prohibited from expressing opinions regarding the guilt or innocence of any party.
- ☒ A. True
☐ B. False
122. Failing to properly supervise all assistants and others who are delegated work on a fraud examination engagement is a violation of the CFE Code of Professional Ethics.
- ☒ A. True
☐ B. False
123. Bryan, a CFE, locks the door to the interview room and refuses to allow the suspect to leave despite repeated requests. Later, the suspect sues (successfully), claiming that he was falsely imprisoned. Which of the following statements is true?
- ☒ A. This conduct would be a violation of the CFE code of Professional Ethics.
☐ B. This conduct would be a violation of the CFE Code of Professional Ethics ONLY IF Bryan knew the conduct was illegal.
☐ C. This conduct would be a violation of the CFE Code of Professional Ethics ONLY IF the suspect was innocent of fraud.
☐ D. This conduct would NOT be a violation of the CFE Code of Professional Ethics under any circumstances.
124. In defining the objectives of the fraud risk management programme, management can choose to express risk appetite either quantitatively or qualitatively.
- ☒ A. True
☐ B. False
125. The fraud risk assessment process should be conducted covertly so that assessment team members can get an accurate picture of what actually occurs in the business.
- ☐ A. True
☒ B. False