

FRAUD PREVENTION REVISION

1. 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
2. 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
3. When performing a fraud risk assessment, the fraud examiner should only designate an area as high risk if the assessment has conclusively revealed that fraud is occurring there.
☐ A. True
☒ B. False
4. In reporting the results of a fraud examination, a CFE is required to disclose any information which, if not disclosed, would change a user's perceptions and conclusions.
☒ A. True
☐ B. False
5. Which of the following parties has some responsibility regarding an organisation's fraud detection and prevention efforts?
☐ A. Management
☐ B. Board of directors
☐ C. In-house legal counsel
☒ D. All of the above
6. 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
7. Certified Fraud Examiners are absolutely prohibited from expressing opinions regarding the guilt or innocence of any party.
☒ A. True
☐ B. False
8. According to The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, the internal audit team must evaluate the potential for the occurrence of fraud, as well as the organisation's fraud risk management initiatives.
☒ A. True
☐ B. False
9. COSO identified five interrelated components of _____.
☐ A. Fraud
☒ B. Internal control
☐ C. Ethical theories
☐ D. Professional development
10. Which of the following is NOT one of the 11 principles for risk management provided by ISO 31000:2009?
☐ A. The risk management program takes human and cultural factors into account
☐ B. The risk management program explicitly addresses uncertainty
☐ C. The risk management program is dynamic, iterative and responsive to change

☒ D. The risk management program is based on a mandate and commitment

11. _____ is a process aimed at proactively identifying and addressing an organisation's vulnerabilities to internal and external fraud.
- A. A fraud examination
 - B. An internal control audit ☒
 - C. A management ethics assessment ☒
 - ☒ D. A fraud risk assessment
12. During a fraud risk assessment, the assessment team should consider the way employees make decisions, behave, or treat others and assess how those actions affect the company's vulnerability to fraud.
- ☒ A. True
 - B. False
13. 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
14. According to Diane Vaughan, an employee who is truly loyal to a company would never commit fraud on behalf of the company.
- A. True
 - ☒ B. False
15. Most experts agree that it is much easier to detect fraud than it is to prevent it.
- A. True
 - ☒ B. False
16. Roger has just completed a fraud examination report containing confidential information for ABC, Inc., a client. He received a call from the local police requesting a copy of the report. Which of the following statements is FALSE?
- ☒ A. Roger can turn over the report without any repercussions because he owns the information contained in the document
 - B. Roger can turn over the report if his client consents
 - C. Roger can turn over the report if the information is requested in a search warrant
 - D. Roger can turn over the report if it is demanded by a court order
17. In general, the lowest level of reference for making moral decisions is:
- ☒ A. The law
 - B. Individual standards
 - C. Philosophical principles
 - D. None of the above
18. When faced with an ethics-related problem, it is tempting and appropriate to begin analysing the issue by asking: Is it legal? The law, including professional rules and regulations, deals with actions that are permitted and prohibited, but it is the lowest level of reference for moral decisions; a law might permit an action that is prohibited by a profession's code of ethics. Laws, rules, and regulations function as standards by which to judge whether an action is acceptable or illegal, but not whether the behaviour is right. For instance, if you have promised an individual that you will honour a contract, you are ethically bound to do so, regardless of your legal responsibility; under these facts, keeping your word is the right thing to do, no matter what the law says.
- A. Transferring the risk

- B. Assuming the risk
C. Avoiding the risk
D. Mitigating the risk
19. When responding to the organisation's residual fraud risks, management can help mitigate a risk by implementing appropriate countermeasures, such as prevention and detection controls. The fraud risk assessment team should evaluate each countermeasure to determine if it is cost effective and reasonable given the probability of occurrence and impact of loss.
- A. A detailed explanation of the company's anti fraud controls
B. The exact procedures management uses to detect fraud
C. Examples of past transgressions and how they were handled
D. All of the above
20. A corporation cannot be held criminally liable for the actions of its employees if there were specific policies in place that prohibited the activity undertaken by the employees.
- A. True
B. False
21. The term _____ refers to the oversight responsibilities of different parties for an organisation's direction, operations, and performance.
- A. Risk management
B. Corporate governance
C. Fraud risk assessment
D. Corporate compliance
22. According to the 2012 Report to the Nations, more occupational frauds are committed by men than by women.
- A. True
B. False
23. 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
24. Which of the following elements is required for a corporate compliance programme to be effective?
- A. Monitoring and periodic evaluation of the compliance programme
B. Due diligence in the hiring process
C. Appropriate incentives for compliance
D. All of the above
25. The risk of an auditor not detecting a material misstatement resulting from fraud is higher than the risk of an auditor not detecting a material misstatement resulting from error.
- A. True
B. False
26. Fraudulent customer payments, corporate espionage, and hacking schemes are all fraud risks pertaining to which of the following categories?
- A. External fraud
B. Regulatory and legal misconduct
C. Asset misappropriation

- D. Reputation risk
27. A fraud risk management programme must include mechanisms specifically designed to monitor, identify, and address breaches in compliance.
☒ A. True
☐ B. False
28. The Treadway Commission made which of the following recommendations to reduce the probability of fraud in financial reports?
☐ A. A written charter for the audit committee
☐ B. Adequate audit committee resources and authority
☐ C. A mandatory independent audit committee
☒ D. All of the above
29. Which of the following is among the board of directors' responsibilities pertaining to fraud risk management?
☐ A. Raising awareness of the risks of fraud throughout the organization
☐ B. Setting realistic expectations of management to enforce an anti-fraud culture
☐ C. Overseeing the organization's fraud risk management activities
☒ D. All of the above
30. Under the Certified Fraud Examiner Code of Professional Ethics, evidence and conclusions are considered _____ if knowledge of them would affect clients' decisions based on a Certified Fraud Examiner's report.
☐ A. Circumstantial
☐ B. Reliable
☒ C. Material
☐ D. Confidential
31. 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
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. Under an effective document retention policy, when an organisation is faced with potential litigation or a legal document request is pending or imminent, the destruction of documents should cease.
☒ A. True
☐ B. False
34. In the area of criminological theory, _____ is the theory that tries to prevent crime by using the threat of criminal sanctions.
☐ A. Punishment
☒ B. Deterrence
☐ C. Adherence
☐ D. None of the above

35. Risk management includes which of the following activities with regard to the risks that threaten an organisation?
- A. Identification
 - B. Treatment
 - C. Monitoring
 - ☒ D. All of the above
36. A behaviourist view of the workplace advocates the use of incentive programs and task-related bonuses as a way to deter employees from ethical and legal violations.
- ☒ A. True
 - B. False
37. In their studies, Clinard and Yeager found that mass media publicity about law violations was the most feared consequence of sanctions imposed on a corporation.
- ☒ A. True
 - B. False
38. Which of the following represents one of the legs on the fraud triangle?
- A. Perceived opportunity
 - B. Perceived non-sharable financial need
 - C. Rationalization
 - ☒ D. All of the above
39. The Public Interest Oversight Board (PIOB) is responsible for which of the following?
- A. Establishing international standards for financial reporting
 - B. Promulgating best practices for corporate governance for global organizations
 - C. Overseeing the process for setting international auditing standards
 - ☒ D. All of the above
40. Which of the following factors should an organisation consider when designing the components of its compliance and ethics programme?
- A. Recurrence of similar conduct
 - B. Industry standards
 - C. Organization size
 - ☒ D. All of the above
41. According to the 2012 Report to the Nations, which of the three major categories of occupational fraud has the highest median loss?
- A. Corruption
 - ☒ B. Financial statement fraud
 - C. Asset misappropriation
 - D. Identity thief
42. The fraud risk assessment should include input from both management and auditors to ensure a holistic view of the organisation's risks, but should exclude all others to maintain the independence and objectivity of the assessment process.
- A. True
 - ☒ B. False
43. A Certified Fraud Examiner was hired to investigate a company. After he carefully examined the company, he issued a report that stated, in part, "... in my opinion, this operation is free of material fraud." Such an opinion is permitted under the Certified Fraud Examiner Code of Professional Ethics.

- A. True
B. ~~False~~
44. Which of the following mechanisms can be used to help increase the perception of detection in an organisation?
A. Employee anti-fraud
B. Hotlines
C. Rewards for whistleblower
D. ~~All of the above~~
45. According to the differential reinforcement theory, behaviour is weakened by negative stimuli (punishment) and loss of reward (negative punishment).
A. ~~True~~
B. False
46. 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. Consideration of accounting principles used
C. Assignment and supervision of personnel
D. ~~All of the above~~
47. Which of the following is an example of the non-sharable financial need leg of the fraud triangle?
A. Addiction problems
B. Gambling debts
C. Credit card debt from excessive shopping
D. ~~All of the above~~
48. According to Diane Vaughan, linking employees' needs and goals to the success of the company can encourage unlawful conduct by individuals on the organisation's behalf.
A. ~~True~~
B. False
49. Sound corporate governance practices ensure that all stakeholders are treated equitably and are given just and appropriate consideration.
A. ~~True~~
B. False
50. An entity's corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation and lays down the rules and procedures for organisational decision-making.
A. ~~True~~
B. False
51. In response to a risk identified during a fraud risk assessment, management decides to eliminate an asset or exit an activity because the control measures required to protect the organisation against the identified threat are too expensive. This response is known as:
A. Assuming the risk
B. Transferring the risk
C. Mitigating the risk
D. ~~Avoiding the risk~~

52. Which of the following is TRUE regarding an organisation's ethics policy?
- A. In developing the policy, management should not consider the existing ethical tone set by leadership ✗
 - B. Access to the policy should be restricted to company employees only ✗
 - C. In developing the policy, management should consider how various members of the organization define success ✓
 - D. Access to the policy should be restricted to external parties only ✗
53. _____ 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. Government regulators ✗
 - B. Independent auditors ✓
 - C. Internal auditors ✗
 - D. Members of the board of directors ✗
54. The purpose of corporate governance is to:
- A. Encourage the efficient use of resources and require accountability for the stewardship of those resources ✓
 - 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. Ensure the accuracy and reliability of the organization's financial reports ✗
55. 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 ✓
56. According to the OECD Principles of Corporate Governance, an entity's corporate governance framework should:
- A. Encourage active cooperation between corporations and stakeholders in creating wealth and jobs ✗
 - B. Ensure the equitable treatment of all shareholders, including minority and foreign shareholders ✗
 - C. Ensure the timely and accurate disclosure of all material matters regarding the corporation ✗
 - D. All of the above ✓
57. The term occupational crime covers which of the following types of white-collar offences?
- A. Crimes by individuals ✗
 - B. Crimes by professionals ✗
 - C. Crimes by officials ✗
 - D. All of the above ✓

58. In response to a risk identified during a fraud risk assessment, management chooses to accept the risk, rather than to implement any responsive measures. This approach is known as:
- A. Mitigating the risk
 - B. Transferring the risk
 - C. Avoiding the risk
 - ☒ D. Assuming the risk
59. The _____ provide(s) guidance for stock exchanges, investors, corporations, and other parties that have a role in the process of developing corporate governance practices.
- A. INTOSAI code of ethics
 - B. IOSCO principles for auditor Oversight
 - C. IIA standards for the Professional Practice of Internal Auditing
 - ☒ D. OECD principles of corporate governance
60. The IOSCO Principles for Auditor Oversight state that the auditor oversight body should have the authority to stipulate remedial measures for problems detected, and to initiate and/or carry out disciplinary proceedings to impose sanctions on auditors and audit firms.
- ☒ A. True
 - B. False
61. An organisation's fraud risk management programme should include which of the following components?
- A. Quality assurance activities
 - B. Whistleblower protection policies
 - C. A way to disclose conflicts of interest
 - ☒ D. All of the above
62. Which of the following should be emphasised in an employee reporting programme?
- I. Fraud, waste, and abuse occur in only a few companies.
 - II. The company actively encourages employees with information to come forward
 - III. The employee's name must be disclosed.
 - IV. The report need not be made to one's immediate supervisor.
- ☒ A. II and IV
 - B. I, II, III and IV
 - C. II and III
 - ☒ D. I, II and IV.
63. Two selling points of a fraud prevention programme are fraud's potentially negative impact on a company's profits and its potential effect on the organisation's public image.
- ☒ A. True
 - B. False
64. 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 company
 - B. Criminal personality
 - C. Dislike of boss
 - ☒ D. Living beyond means
65. Which of the following is TRUE regarding a corporation's board of directors?

- A. The directors represent the middlemen between the shareholders and management
B. The directors oversee business operations by assessing the strategy and underlying purpose of management's decisions and actions
C. The directors are generally elected by the company shareholders
D. All of the above
66. 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 increased opportunity for wrongdoing as a result of advancing information technologies
B. The economy's increased reliance on credit
C. The continued pressure of a culture that rewards affluence and success
D. All of the above
67. Sociologist Edward Gross has asserted that organisations' reliance on profit makes them inherently prone to committing fraud.
A. True
B. False
68. Good corporate governance practices:
A. Provide clear lines of accountability and reporting
B. Define the relationships and expectations of the parties involved
C. Ensure that no single party is capable of making all the business decisions without influence, input or approval of other parties
D. All of the above
69. In addition to the specific risks related to each of the three primary categories of fraud, the fraud risk assessment team should consider:
A. Reputation risk
B. Risk to information technology
C. Incentives for individuals to engage in fraud
D. All of the above
70. Which of the following is TRUE about the fraud risk assessment process?
A. Management and auditors should share ownership of the process and accountability for its success
B. Conducting an effective fraud risk assessment requires thinking like a fraudster
C. The assessment team must be perceived as independent and objective by others for the assessment to be effective
D. All of the above
71. Edward Gross and other criminologists have asserted that organisations are inherently:
A. Criminogenic
B. Averse to misconduct
C. Exploitative
D. None of the above
72. Which of the following is one of the interrelated components of a company's internal control system, as laid out by COSO?
A. Assurance function
B. Risk assessment
C. Independent oversight
D. Ethical culture
73. Which of the following is NOT one of the components of COSO's Enterprise Risk Management—Integrated Framework?

- A. Internal environment
B. Risk assessment
☒ C. Corporate compliance
D. Monitoring
74. A well-designed and effective system of internal controls can fully eliminate the risk of fraud.
A. True
☒ B. False
75. In general, a corporation cannot be held vicariously liable for the acts of an employee unless the employee acted for the ostensible purpose of benefiting the corporation.
☒ A. True
B. False
76. 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
77. Which of the following parties is responsible for overseeing business operations by assessing the strategy and underlying purpose of management's decisions and actions?
A. Industry regulators ✓
B. Shareholders ✓
C. External auditors ✓
☒ D. The board of directors
78. A person's social status plays no role in his ability to commit white-collar crime.
A. True
☒ B. False
79. Justine, a CFE, was contacted regarding an engagement to investigate a complex insurance fraud case involving an organised crime ring. Justine had previously taken a self-study CPE course on insurance fraud schemes, but she had no other training or experience in such cases. However, she accepted the engagement and chose to conduct the work herself. Justine's conduct would likely be a violation of the Certified Fraud Examiner Code of Professional Ethics.
☒ A. True
B. False
80. According to the joint IIA, AICPA, and ACFE publication Managing the Business Risk of Fraud: A Practical Guide, who has responsibility for dealing with fraud risk?
A. The board of directors
B. Executives management
C. Internal audit
☒ D. Personnel at all levels of the organization
81. Preventive anti-fraud controls include all of the following EXCEPT:
A. Hiring policies and procedures
B. Fraud awareness training
☒ C. Continuous audit techniques
D. Segregation of duties
82. The payment of bribes to procure business is considered a fraud risk pertaining to which category of fraud?
A. Asset misappropriation ✓
B. Fraudulent financial reporting
☒ C. Corruption
D. None of the above

83. 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. Regulatory environment
 - B. Culture
 - C. Financial condition
 - D. All of the above
84. 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
85. In identifying the fraud risks that could apply to the organisation, the fraud risk assessment team should specifically discuss the potential for management override of controls.
- A. True
 - B. False
86. 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
87. Establishing and communicating the proper flow of information to everyone in the organisation is an essential component of a fraud prevention programme.
- A. True
 - B. False
88. Of the following parties, who is responsible for developing a strategy to assess and manage fraud risks that aligns with the organisation's risk appetite and strategic plans?
- A. The board of directors
 - B. The internal audit department
 - C. The legal department
 - D. The shareholders
89. Fraud examiners should consider the nature of the assignment and the preliminary information available in forming the engagement hypothesis.
- A. True
 - B. False
90. Efforts to control corporate crime generally include which of the following approaches?
- A. Consumer action
 - B. Government intervention
 - C. Voluntary changes in corporate attitudes
 - D. All of the above
91. The Treadway Commission was established with the purpose of defining the responsibility of the auditor in preventing and detecting fraud.
- A. True
 - B. False
92. For analytical procedures performed during an audit to be most effective in uncovering fraud, the scheme must materially impact the financial statements.
- A. True
 - B. False

93. Unless specific unacceptable conduct is detailed in a fraud prevention policy, there can be legal problems in discharging a dishonest employee.
☒ A. True
☐ B. False
94. If an action is legal, it is also ethically correct.
☐ A. True
☒ B. False
95. It should be the compliance officer's duty to help measure the effectiveness of the compliance programme.
☒ A. True
☐ B. False
96. 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
97. Designating an area as having a high fraud risk and putting the related activity under increased scrutiny can deter potential fraudsters by increasing their perception of detection.
☒ A. True
☐ B. False
98. The IOSCO Principles for Auditor Oversight state that auditor oversight should:
☐ A. Involve a regular review process designed to ascertain whether audit firms adhere to quality control policies and procedures
☐ B. Be performed by a body that acts and is seen to act in the public interest
☐ C. Take place within the audit firm, by professional associates and through government regulation
☒ D. All of the above
99. The majority of people who commit occupational fraud are repeat offenders with prior criminal records.
☐ A. True
☒ B. False
100. Research has shown that many executives justify illegal behaviour as simply common practice in the business world.
☒ A. True
☐ B. False
101. Which of the following is NOT one of the principles involved in the risk assessment process, as laid out by COSO?
☐ A. Setting clear organizational objectives
☒ B. Conducting ongoing monitoring of the risk management strategy
☐ C. Considering the potential for fraud
☐ D. Assessing changes that could significantly impact the internal control system
102. 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

103. According to International Standard on Auditing (ISA) 240, _____ involves intentional misstatements in the financial statements to deceive financial statement users.
- A. An auditor misrepresentation
 - ☒ B. Fraudulent financial reporting
 - C. A financial report item adjustment
 - D. A financial reporting error
104. If a Certified Fraud Examiner fails to meet the specified annual minimum continuing professional education requirements, he will be in violation of the Certified Fraud Examiner Code of Professional Ethics.
- ☒ A. True
 - B. False
105. Which of the following controls can help minimise the pressures that might lead an employee to commit fraud?
- A. Employee support programmes
 - B. Fair personnel policies and procedures
 - C. Open-door management policies
 - ☒ D. All of the above
106. 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. Internal control
 - B. Corporate governance
 - ☒ C. Enterprise risk
 - D. Fraud prevention
107. In their studies, Clinard and Yeager found that illegal behaviour by a corporation is most often suppressed by consumer pressure.
- A. True
 - ☒ B. False
108. During an admission-seeking interview of a fraud suspect, Gary, a Certified Fraud Examiner, accuses the suspect of having committed a fraud. Gary's accusation violates the Certified Fraud Examiner Code of Professional Ethics.
- A. True
 - ☒ B. False
109. Effective corporate governance is the foundation of fraud risk management.
- ☒ A. True
 - B. False
110. 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 engagements for both sides to a particular controversy or issue
 - B. Undertaking an engagement to secretly infiltrate the CFEs employing organization and transmit inside information to another party
 - C. Undertaking engagements that create a hardship or loss to the CFEs full time employer
 - ☒ D. All of the above
111. The board of directors holds the primary responsibility for designing, implementing, monitoring, and improving the fraud risk management programme.
- A. True
 - ☒ B. False

112. According to the 2012 Report to the Nations, which of the three major categories of occupational fraud is the most common?
- A. Financial statement fraud
 - B. Identity theft
 - ☒ C. Asset misappropriations
 - D. Corruption
113. According to the social control theory, an individual considering criminal behaviour will likely ask himself which of the following questions?
- A. "In what way can I rationalize this behavior?"
 - B. "How likely is it that the crime will be detected?"
 - ☒ C. "What would my family think if they find out?"
 - D. "What is the legal punishment if I get caught?"
114. 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
115. According to Steve Albrecht's Fraud Scale model, the variables that drive the occurrence of occupational fraud include:
- A. Situational pressure
 - B. Perceived opportunity
 - C. Personal integrity
 - ☒ D. All of the above
116. In the context of a fraud examination, a mindset of professional scepticism means:
- A. Fraud examiners should relax their attitude of scepticism only when the evidence shows no sign of fraud
 - B. The fraud examiner's professional skepticism can be dispelled only by evidence
 - C. Fraud examiners should always begin their assignments with the belief something is amiss
 - ☒ D. All of the above
117. An organisation's board of directors does not necessarily have to be knowledgeable about the implementation of an organisation's compliance and ethics programme if the board has delegated that responsibility to a compliance officer.
- A. True
 - ☒ B. False
118. Research has shown that most embezzlers appear outwardly successful, but they are often mired in debt.
- ☒ A. True
 - B. False
119. Which of the following principles of corporate governance pertains to the duty of internal parties to act in the best interest of the organisation?
- A. Accountability ✓
 - ☒ B. Responsibility ✗
 - C. Fairness ✗
 - D. Transparency ✓

120. 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 ACFE code of Professional ethics
 - ☐ B. This conduct would be a violation of the ACFE Code of Professional Ethics ONLY if Bryan knew the conduct was illegal
 - ☐ C. This conduct would not be a violation of the ACFE code of Professional Ethics under any circumstances
 - ☐ D. This conduct would be a violation of the ACFE Code of Professional Ethics ONLY if the suspect was innocent of fraud
121. As a strategy to control crime, _____ is designed to achieve conformity to the law by providing economic incentives for voluntary adherence to the law and using administrative efforts to control violations before they occur.
- ☒ A. Compliance
 - ☐ B. Prevention
 - ☐ C. Deterrence
 - ☐ D. None of the above
122. 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
123. Which of the following types of personnel can potentially bind a corporation through their own misconduct?
- ☐ A. Independent contractors
 - ☐ B. Low-level employees
 - ☐ C. Executive officers and directors
 - ☒ D. All of the above
124. An accounting clerk stealing incoming customer payments is an example of:
- ☐ A. Both organizational crime and occupational crime
 - ☐ B. Neither organizational crime nor occupational crime
 - ☒ C. Occupational crime
 - ☐ D. Organizational crime
125. Requiring employees in certain functions (e.g., accounts payable clerks) to periodically rotate job duties can be an effective anti-fraud measure.
- ☒ A. True
 - ☐ B. False