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### NEW QUESTION: 1

\_\_\_\_\_ decrease assets and expenses and/or increase liabilities and/or equity

- A. Journal Entries
- B. Debit
- C. Credit
- D. None of all

**Answer: C (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

### NEW QUESTION: 2

A \_\_\_\_\_ is a day-by-day, or chronological, record of transactions

- A. Ledger
- B. Journal
- C. Checkbook
- D. Asset

**Answer: (SHOW ANSWER)**

### NEW QUESTION: 3

\_\_\_\_\_ is required if and when officers, executives or other persons in trusted positions become subjects of a criminal indictment.

- A. Conflict of interest
- B. Turnaround sale or flip
- C. Disclosure
- D. Resource diversion

**Answer: C (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 4**

The excess credits (or debits) on the income statement are used to decrease (or increase) the equity account.

- A. True
- B. False

**Answer: B (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

Explanation/Reference:

**NEW QUESTION: 5**

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

- A. Bank confirmation
- B. Check disbursement
- C. Cut-off statements
- D. Bank confirmation

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 6**

False billing scheme states that:

- A. employees cause their company to purchase merchandise that the company does not need
- B. employees do not cause their company to purchase merchandise that the company does not need.
- C. employees do not cause their company to sale merchandise that the company does not need.
- D. employees cause their company to sale merchandise that the company does not need.

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 7**

Fraudsters use the accounting system as a tool to generate the results they want in \_\_\_\_\_ approach:

- A. Playing the accounting
- B. beating accounting
- C. All of the above
- D. Organized accounting

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 8**

A \_\_\_\_\_ occurs when an employee, manager or executive has an undisclosed economic or personal interest in a transaction that adversely affects the organization.

- A. Financial disclosure
- B. Illegal sale
- C. Unauthorized purchase
- D. Conflict of interest

**Answer: D ([LEAVE A REPLY](#))**

**NEW QUESTION: 9**

Multiple cashiers operate from a single cash drawer without separate access codes is a red flag for:

- A. Fraudulent scheme
- B. Disbursement scheme
- C. Register scheme
- D. Force inventory scheme

**Answer: ([SHOW ANSWER](#))**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 10**

Which of the following is NOT the example of bribery prevention policies?

- A. Reporting gifts
- B. Discounts
- C. Business meetings
- D. Resource diversions

**Answer: D ([LEAVE A REPLY](#))**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 11**

Which are check tempering frauds in which an employee prepares a fraudulent check and submits it usually along with legitimate checks to an authorized maker who signs it without a proper review?

- A. Legitimate check scheme
- B. Endorse check scheme
- C. Payable check scheme
- D. Concealed check scheme

**Answer: D ([LEAVE A REPLY](#))**

**NEW QUESTION: 12**

When employees avoid detection in a refund scheme to keep the sizes of the disbursement low, is referred to:

- A. Very small disbursements
- B. None of the above
- C. Small disbursements

D. Simple disbursements

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 13**

The price of an asset on which the asset is selling at on the open market in a transaction between a willing buyer and a willing seller is called:

A. Absolute value

B. Fair value

C. Cost value

D. material value

**Answer: B ([LEAVE A REPLY](#))**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 14**

Employees steal an incoming payment and then place the incoming funds in an interest bearing account for:

A. Short-term skimming

B. Concealing the fraud

C. All of the above

D. Converting stolen checks

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 15**

A typical issue involving material and fraud would be:

A. Fraudulent statement

B. Quality control

C. Civil lawsuit

D. Misappropriations

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 16**

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

A. Maintenance scheme

B. Allocation scheme

C. Distribution scheme

D. Pass-through scheme

**Answer: D ([LEAVE A REPLY](#))**

Section: Fraud Prevention and Deterrence

Explanation

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**NEW QUESTION: 17**

SIMULATION

One of the simplest ways to justify unacceptable conduct and avoid guilt feelings is to invent a good reason for \_\_\_\_\_.

**Answer:**

Embezzling

**NEW QUESTION: 18**

CORRECT TEXT

The \_\_\_\_\_ cost method of pricing would carry an asset's value on the financial statements as what it would currently cost, considering inflation.

**Answer:**

Pending

**NEW QUESTION: 19**

Revenue is recognized when it is:

- A. Realized and Earned
- B. Fictitious and Earned
- C. Realized and Evidenced
- D. All of the above

**Answer: A (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 20**

\_\_\_\_\_ revenues involve the recording sales of goods or services that did not occur.

- A. Fictitious or fabricated revenues
- B. Red flag revenues
- C. Concealed revenues
- D. Financial revenues

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 21**

The most basic skimming scheme occurs when:

- A.** An employee buy goods or services from a stakeholder, drop the stakeholder's payment and makes record of the purchase too.
- B.** An employee buy goods or services from a customer, drop the customer's payment, but makes no record of the purchase.
- C.** An employee sells goods or services to a customer, collects the customer's payment, but makes no record of the sale.
- D.** An employee sells goods or services to a stakeholder, collects the stakeholder's payment and makes record of the sale too.

**Answer: C (LEAVE A REPLY)**

#### **NEW QUESTION: 22**

When an incorrect total is carried from the journal to the ledger or from ledger to the financial statements, this method is called:

- A.** Forced Balance
- B.** Out-of-balance
- C.** False balance
- D.** None of all

**Answer: A (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

#### **NEW QUESTION: 23**

The difference between assets and liabilities is called:

- A.** Equity
- B.** Expense
- C.** Revenue
- D.** Income statement

**Answer: A (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

Explanation

#### **NEW QUESTION: 24**

The seller's price to the buyer is not fixed or determinable when:

- A.** When the price is not contingent on some future events
- B.** A service or membership fee is not subject predictable cancellation during the contract period.
- C.** Payment terms are not extended for a substantial period.
- D.** The transaction includes an option to exchange the product for others.

**Answer: D (LEAVE A REPLY)**

#### **NEW QUESTION: 25**

\_\_\_\_\_ revenues involve the recording sales of goods or services that did not occur.

- A. Fictitious or fabricated revenues
- B. Financial revenues
- C. Red flag revenues
- D. Concealed revenues

**Answer: A (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

#### **NEW QUESTION: 26**

CORRECT TEXT

\_\_\_\_\_ is defined as a person who works for the victim organization and who is primary culprit

**Answer:**

Pending

#### **NEW QUESTION: 27**

The heart of book keeping system is the \_\_\_\_\_.

- A. Asset
- B. Liability
- C. Checkbook
- D. Journal

**Answer: C (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

#### **NEW QUESTION: 28**

The more power a person has over the bidding process, the more likely the person can influence the selection of a supplier.

- A. True
- B. False

**Answer: A (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

#### **NEW QUESTION: 29**

Perceived certainty of detection is directly related to employee theft for respondents in all industry sectors, that is the stronger the perception that theft would be detected, the more the likelihood that the employee would engage in deviant behavior.

- A. True
- B. False

**Answer: B (LEAVE A REPLY)**

#### **NEW QUESTION: 30**

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

- A. Pass-through scheme
- B. Maintenance scheme
- C. Allocation scheme
- D. Distribution scheme

**Answer: A (LEAVE A REPLY)**

#### **NEW QUESTION: 31**

When expenses used to produce income- all of them- should be matched in a consistent manner against that income, this is referred to:

- A. Accrual basis accounting
- B. Financial record
- C. Expense
- D. Equity

**Answer: A (LEAVE A REPLY)**

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#### **NEW QUESTION: 32**

Which of the following is NOT the aspect of inventory purchase?

- A. inventory for the year 2 will be much greater than year 1.
- B. might be some fraud scheme in inventory.
- C. Increase sales in year 2 are unexpected and purchase of inventory does not keep pace with the sales.
- D. Inventory purchases purposely increase in year 1 only to be liquidated in year 2.

**Answer: (SHOW ANSWER)**

#### **NEW QUESTION: 33**

When employee committing the fraud removes cash from the register and also the item allegedly being returned is debited back into the inventory, this refers to:

- A. Registry destroying records
- B. Register false voids
- C. Fraudulent register occurrences

D. Concealing register disbursement

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 34**

Larceny by Fraud or deception means that:

A. Fails to disclose a known lien, adverse claim or other legal impediment

B. All of the above

C. Creates or reinforce a false impression

D. Fails to correct a false impression

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 35**

\_\_\_\_\_, one of the Fraud synonyms implies that deceiving so thoroughly as to obscure the truth:

A. Beguile

B. Deceive

C. Delude

D. Mislead

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 36**

When an incorrect total is carried from the journal to the ledger or from ledger to the financial statements, this method is called:

A. False balance

B. None of all

C. Forced Balance

D. Out-of-balance

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 37**

Which counts sometimes can give rise to inventory theft detection?

A. Perpetual inventory counts

B. Concealment inventory counts

C. None of the above

D. Physical inventory counts

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 38**

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

- A. prenumbered affiliations, segregation of duties, independent checks and physical safeguards
- B. Proper documentation, physical padding, independent checks and physical safeguards
- C. Proper documentation, segregation of duties, independent checks and inventory control
- D. Proper documentation, segregation of duties, independent checks and physical safeguards

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 39**

Which of the following is NOT the type of billing scheme?

- A. Invoicing via accomplice companies
- B. Invoicing via non-accomplice companies
- C. Invoicing via shell companies
- D. Personal purchases with company funds

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 40**

The heart of book keeping system is the \_\_\_\_\_.

- A. Checkbook
- B. Asset
- C. Journal
- D. Liability

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 41**

\_\_\_\_\_ is a process by which a bookkeeper records all transactions and can adjust the books.

- A. Journal Entries
- B. Accounting Cycle
- C. Financial statement
- D. None of all

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 42**

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

- A. Altered inventory
- B. Shrinkage
- C. Write-offs
- D. Account receivable

**Answer: B (LEAVE A REPLY)**

### NEW QUESTION: 43

Skimming is:

- A. None of above
- B. The removal of cash from a victim entity prior to its entry in an accounting system.
- C. The removal of cash from a victim entity after its entry in an accounting system.
- D. The addition of cash from a victim entity prior to its entry in an accounting system.

**Answer: B (LEAVE A REPLY)**

### NEW QUESTION: 44

One final means of concealing a register scheme, as with many kinds of fraud, is to destroy all records of the transaction.

- A. True
- B. False

**Answer: (SHOW ANSWER)**

### NEW QUESTION: 45

SIMULATION

A \_\_\_\_\_ can be very costly for an organization to undertake, both in terms of money and time spent.

**Answer:**

Civil lawsuit

### NEW QUESTION: 46

Occupational fraud and abuse is a (an) \_\_\_\_\_ of doing business, in much the same way that we pay expenses for electricity, taxes and wages.

- A. Equity
- B. Financial record
- C. Expense
- D. Balance sheet

**Answer: C (LEAVE A REPLY)**

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**NEW QUESTION: 47**

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

- A. Revenue sources and recording procedures
- B. Poor collection and recording procedures
- C. Internal audits and recording procedures
- D. Register manipulations and recording procedures

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 48**

People commit financial statement fraud to:

- A. Conceal false business performances
- B. Preserve personal status/control
- C. Maintain personal income
- D. Stand outside the accounting system

**Answer: B (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 49**

Which of the following is not the skimming scheme?

- A. Fraud & Cost
- B. Understand sales and receivables
- C. Unrecorded sales
- D. Theft of checks through the mail

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 50**

Which check tampering red flag may indicate employees have embezzled cash and charged the embezzlement to expense accounts?

- A. Voided checks
- B. Duplicate checks
- C. Payable checks
- D. Missing checks

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 51**

Occupational fraud and abuse is a (an) \_\_\_\_\_ of doing business, in much the same way that we pay expenses for electricity, taxes and wages.

- A. Expense
- B. Balance sheet
- C. Equity

D. Financial record

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 52**

\_\_\_\_\_ may be defined as the offering, giving, receiving or soliciting anything of value to influence an official act.

- A. Bribery
- B. Diverting business to vendors
- C. Corruption
- D. Lacking approval authority

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 53**

The difference between assets and liabilities is called:

- A. Income statement
- B. Expense
- C. Revenue
- D. Equity

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 54**

The prime targets for skimming schemes which are hard to monitor and predict such as late fees and parking fees, are:

- A. Revenue sources
- B. Recorded sales
- C. Internal audits
- D. Register manipulations

**Answer: A (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 55**

Placing any restriction in the solicitation documents that tend to restrict competition is called prebid solicitation.

- A. True
- B. False

**Answer: A (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 56**

One reason employees might be hesitant to use PO boxes in shell company schemes is that some businesses are specially vary of sending checks to vendors that have street addresses only.

- A. True
- B. False

**Answer: (SHOW ANSWER)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 57**

Theft of incoming checks usually occurs when \_\_\_\_\_ is (are) in charge of opening the mail and recording the receipt of payments.

- A. Single employee
- B. Two employees
- C. More than two employees
- D. None of the above

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

Explanation/Reference:

**NEW QUESTION: 58**

\_\_\_\_\_ can be detected by closely examining the documentation submitted with the cash receipts.

- A. Voided purchases
- B. Fictitious refunds
- C. Approved transaction
- D. None of the above

**Answer: B (LEAVE A REPLY)**

Section: Investigation

**NEW QUESTION: 59**

If the assets are intentionally purchased by the company but simply misappropriated by the fraudster, this is referring to as:

- A. Falsify shipping
- B. Asset receiving scheme
- C. Fraudulent purchase
- D. Inventory larceny scheme

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 60**

In which of the following process, all bidders are legally supposed to be placed on the same plane of equality, bidding on the same terms and conditions?

- A. Bid-rigging
- B. Kickbacks
- C. Competitive bidding
- D. Bid solicitation

**Answer: C (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 61**

Asset misappropriations have an effect on the liabilities and do also have an indirect effect on the equity account.

- A. True
- B. False

**Answer: B (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

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**NEW QUESTION: 62**

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

- A. Maintenance scheme
- B. Allocation scheme
- C. Distribution scheme
- D. Pass-through scheme

**Answer: D (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 63**

CORRECT TEXT

\_\_\_\_\_ is required not only for theft, but for procedures to detect errors, avoid waste and insure a proper amount of inventory is maintained.

**Answer:**

Pending

**NEW QUESTION: 64**

A scheme is classified as a Conflict of interest:

- A.** when an employee must have some kind of ownership or employment interest in the vendor submitting the invoice.
- B.** when a salesman must have some kind of ownership or employment interest in the vendor submitting the sales.
- C.** when a purchaser must have some kind of ownership or employment interest in the vendor submitting the purchase.
- D.** when a dealer must have some kind of dealership interest in the vendor submitting the stock.

**Answer: A (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 65**

Which of the following is NOT the reason why senior management will overstate business statement?

- A.** Trigger performance related compensation
- B.** Meet personal performance criteria
- C.** Comply with debit covenants
- D.** Show a pattern of growth to support sale of a business

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 66**

In \_\_\_\_\_ scheme, a supplier pays an employee of the purchasing company to write specifications that will require amendments at a later date.

- A.** Need recognition
- B.** False specification
- C.** Deliberate writing of vague specifications
- D.** Bid-splitting

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 67**

The seller's price to the buyer is not fixed or determinable when:

- A.** When the price is not contingent on some future events
- B.** The transaction includes an option to exchange the product for others.
- C.** A service or membership fee is not subject predictable cancellation during the contract period.
- D.** Payment terms are not extended for a substantial period.

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

Explanation/Reference:

**NEW QUESTION: 68**

When a victim company purchases unnecessary goods or services from a supplier at the direction of the corrupt employee, this results in:

- A. False sole-source scheme
- B. Need recognition scheme
- C. Presolicitation scheme
- D. Submission scheme

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 69**

Theft of incoming checks usually occurs when \_\_\_\_\_ is (are) in charge of opening the mail and recording the receipt of payments.

- A. More than two employees
- B. Two employees
- C. Single employee
- D. None of the above

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 70**

Maintain the presence of a manager or supervisor near the area of the cash register as a deterrent to theft is a prevention for:

- A. Larceny scheme
- B. Fraudulent statement scheme
- C. Register disbursement scheme
- D. Asset misappropriation scheme

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 71**

What is sometimes used to overcome well-designed internal controls of a victim company?

- A. Shell company
- B. Fraudulent invoices
- C. Collusion
- D. Rubber stamp supervisors

**Answer: C (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 72**

\_\_\_\_\_ assumes the business will go on indefinitely in the future.

- A. Cost
- B. Fair value

C. Going concern

D. Materiality

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 73**

The most basic skimming scheme occurs when:

A. An employee sells goods or services to a customer, collects the customer's payment, but makes no record of the sale.

B. An employee buy goods or services from a customer, drop the customer's payment, but makes no record of the purchase.

C. An employee sells goods or services to a stakeholder, collects the stakeholder's payment and makes record of the sale too.

D. An employee buy goods or services from a stakeholder, drop the stakeholder's payment and makes record of the purchase too.

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 74**

Bank cut-off statements should be requested for 10-15 days after the closing date of the balance sheet.

A. True

B. False

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 75**

Which of the following is the amount of money that would be realized upon the sale of the asset at some point in the future, less the costs associated with owing, operating and selling it?

A. Net realizable value

B. Going concern

C. Cost

D. Fair value

**Answer: A (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

Explanation

**NEW QUESTION: 76**

\_\_\_\_\_ are the amounts which are owned to other entities:

A. Assets

B. Liabilities

C. Expenses

D. Supplies

Answer: B ([LEAVE A REPLY](#))

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**NEW QUESTION: 77**

Which of the following is the amount of money that would be realized upon the sale of the asset at some point in the future, less the costs associated with owning, operating and selling it?

- A. Cost
- B. Going concern
- C. Net realizable value
- D. Fair value

Answer: C ([LEAVE A REPLY](#))

**NEW QUESTION: 78**

The most common method of detection in corruption cases is:

- A. Internal audits
- B. Internal controls
- C. Tips
- D. By accident

Answer: C ([LEAVE A REPLY](#))

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 79**

Collusion or bid-rigging between bidders is called

- A. Bribery receipt
- B. To withdraw low bids
- C. Bid solicitation
- D. Contract acceptance

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 80**

CORRECT TEXT

\_\_\_\_\_ means that traditional bribery statutes proscribe only payments made to influence the decisions of government agents or employees.

**Answer:**

Pending

**NEW QUESTION: 81**

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

- A. Revenue sources and recording procedures
- B. Register manipulations and recording procedures
- C. Internal audits and recording procedures
- D. Poor collection and recording procedures

**Answer:** ([SHOW ANSWER](#))

**NEW QUESTION: 82**

Conflict of interest cases are more easily prevented than detected.

- A. True
- B. False

**Answer:** ([SHOW ANSWER](#))

**NEW QUESTION: 83**

The behavior profile of employees who are involved in bribery schemes may include:

- A. Gambling habit
- B. Extravagant lifestyle
- C. Drug and/or alcohol addiction
- D. All of the above

**Answer:** D ([LEAVE A REPLY](#))

Section: Fraud Prevention and Deterrence

Explanation

**NEW QUESTION: 84**

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

- A. True
- B. False

**Answer:** ([SHOW ANSWER](#))

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 85**

\_\_\_\_\_ is a summary of the account balances carried in a ledger.

- A. Financial statement
- B. Income statement

C. General journal

D. Balance sheet

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 86**

Which of the following is not the skimming scheme?

A. Unrecorded sales

B. Fraud & Cost

C. Theft of checks through the mail

D. Understand sales and receivables

**Answer: B (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 87**

Assets that are long-lived and that differ from property, plant and equipment that has been purchased outright or acquired under a capital lease are:

A. Tangible Assets

B. Intangible Assets

C. Forced Assets

D. None of above

**Answer: B (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 88**

Fraudsters use the accounting system as a tool to generate the results they want in \_\_\_\_\_ approach:

A. Playing the accounting

B. Organized accounting

C. beating accounting

D. All of the above

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 89**

Theft of incoming checks usually occurs when \_\_\_\_\_ is (are) in charge of opening the mail and recording the receipt of payments.

A. None of the above

B. Two employees

C. Single employee

D. More than two employees

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 90**

According to SAB 104, for the revenue to be typically considered realized or realizable and earned, which of the following criteria is NOT met:

- A. Timings have been met
- B. Collectability is reasonably assured
- C. Persuasive evidence of an arrangement exists
- D. Services has been rendered

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 91**

Which of the following are the classifications for the Corruption?

- A. economic extortion, bribery, illegal gratuities and corruption
- B. Bribery, economic extortion, illegal gratuities and conflicts of interest
- C. Overbilling, bribery, bid-ridding and illegal gratuities
- D. Corruption, bribery, economic extortion, conflicts of interest

**Answer: B (LEAVE A REPLY)**

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**NEW QUESTION: 92**

The person or persons who have access to \_\_\_\_\_ are often the targets of unethical vendors seeking an advantage in the process.

- A. Bid-splitting
- B. Tailor specifications
- C. General purchasing
- D. Sealed bids

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 93**

When an incorrect total is carried from the journal to the ledger or from ledger to the financial statements, this method is called:

- A. None of all
- B. Forced Balance
- C. False balance

D. Out-of-balance

**Answer: B ([LEAVE A REPLY](#))**

**NEW QUESTION: 94**

According to Marshall, \_\_\_\_\_ are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.

- A. Assets
- B. Credentials
- C. Liabilities
- D. None of above

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 95**

Placing any restriction in the solicitation documents that tend to restrict competition is called prebid solicitation.

- A. True
- B. False

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 96**

Forced reconciliation of the account says:

- A. to conceal shrinkage is to change the perpetual inventory record so that it matches the physical inventory count.
- B. to conceal shrinkage is to alter inventory record so that it matches the physical inventory count.
- C. to conceal write-offs is to change the perpetual inventory record so that it matches the physical inventory count.
- D. to conceal inventory is to alter shrinkage record so that it matches the physical inventory count.

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 97**

In which of the following process, all bidders are legally supposed to be placed on the same plane of equality, bidding on the same terms and conditions?

- A. Bid-rigging
- B. Kickbacks
- C. Competitive bidding
- D. Bid solicitation

**Answer: C ([LEAVE A REPLY](#))**

**NEW QUESTION: 98**

Asset misappropriations have an effect on the liabilities and do also have an indirect effect on the equity account.

- A. True
- B. False

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 99**

According to accounting principles, \_\_\_\_\_ and \_\_\_\_\_ should be recorded or atched in the same accounting period; failing to do so violates the matching principle of AAP.

- A. Revenue and Income statement
- B. Income statement and Long-term contracts
- C. Capitalized expenses and Liabilities
- D. Revenue and corresponding expenses

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 100**

Which of the following is NOT the example of bribery prevention policies?

- A. Resource diversions
- B. Discounts
- C. Business meetings
- D. Reporting gifts

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 101**

According to SAB 104, for the revenue to be typically considered realized or realizable and earned, which of the following criteria is NOT met:

- A. Persuasive evidence of an arrangement exists
- B. Timings have been met
- C. Services has been rendered
- D. Collectability is reasonably assured

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 102**

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.

- A. Fraudulent statement
- B. Misappropriations
- C. Conservatism
- D. Matching

**Answer: C (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 103**

In physical tampering prevention technique, hidden images can be seen only when the check is held at an angle through:

- A. Chrome coloring
- B. High-resolution sprays
- C. Watermark backers
- D. Holographic safety inks

**Answer: C ([LEAVE A REPLY](#))**

**NEW QUESTION: 104**

Maintain the presence of a manager or supervisor near the area of the cash register as a deterrent to theft is a prevention for:

- A. Larceny scheme
- B. Fraudulent statement scheme
- C. Asset misappropriation scheme
- D. Register disbursement scheme

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 105**

Perceived certainty of detection is directly related to employee theft for respondents in all industry sectors, that is the stronger the perception that theft would be detected, the more the likelihood that the employee would engage in deviant behavior.

- A. False
- B. True

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 106**

The principle behind full disclosure is:

- A. Any material deviation from GAAP must be explained to the reader of the financial information.
- B. None of above
- C. Any material deviation from SAS must be explained to the writer oh the financial information.
- D. Any material deviation from GAAP must be explained to writer of the financial information.

**Answer: A ([LEAVE A REPLY](#))**

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**NEW QUESTION: 107**

Which of the following is NOT the method for stealing inventory and other assets?

- A. Sales & Equipment handling
- B. Larceny schemes
- C. Asset requisition and transfer
- D. Purchasing and receiving schemes

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 108**

\_\_\_\_\_ and \_\_\_\_\_ are used to increase (or decrease) the equity account.

- A. Journal Entries & Debit
- B. Journal Entries & transactions
- C. Journal Entries & Credit
- D. None of all

**Answer: B (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 109**

CORRECT TEXT

One of the simplest ways to justify unacceptable conduct and avoid guilt feelings is to invent a good reason for \_\_\_\_\_.

**Answer:**

Pending

**NEW QUESTION: 110**

Which of the following factors is NOT included in most financial statement schemes?

- A. Fictitious revenues
- B. Persuasive Evidence
- C. Concealed liabilities and expenses
- D. Improper asset valuations

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 111**

Most of the shell company schemes involve the purchase of goods rather than services.

- A. False
- B. True

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 112**

How many accounts are affected in fraudulent accounting entries and therefore same number of categories on the financial statement?

- A. None of above
- B. One
- C. More than two
- D. At least two

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 113**

SIMULATION

\_\_\_\_\_ is defined as a person who works for the victim organization and who is primary culprit

**Answer:**

Principal perpetrator

**NEW QUESTION: 114**

Which of the following is NOT the reason to bribe employees of the purchaser?

- A. To extend the bid opening date
- B. To ensure receipt of a late bid
- C. To ensure bid-splitting
- D. To falsify the bid log

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 115**

According to Marshall, \_\_\_\_\_ are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.

- A. None of above
- B. Liabilities
- C. Credentials
- D. Assets

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 116**

\_\_\_\_\_ can be defined as conduct detrimental to the organization and to the employee.

- A. Employee deviance
- B. All of the above
- C. Employee fraud
- D. Employee theft

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 117**

A fabricated name and the post office box that an employee uses to collect disbursements from false billings is called:

- A. Accomplice residence
- B. Shell company
- C. Perpetrator check
- D. Cash generator

**Answer: B ([LEAVE A REPLY](#))**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 118**

The person or persons who have access to \_\_\_\_\_ are often the targets of unethical vendors seeking an advantage in the process.

- A. Sealed bids
- B. General purchasing
- C. Tailor specifications
- D. Bid-splitting

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 119**

Which of the following is NOT the method for stealing inventory and other assets?

- A. Sales & Equipment handling
- B. Purchasing and receiving schemes
- C. Asset requisition and transfer
- D. Larceny schemes

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 120**

A tangible asset is one which is:

- A. capable of being perceived
- B. capable of being appraised
- C. Both A & B
- D. Neither A nor B

**Answer: (SHOW ANSWER)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 121**

\_\_\_\_\_ should be examined to see that all are properly documented and that inappropriate payments have not been made to employees.

- A. Payable checks
- B. counterfeit checks
- C. Payable cash
- D. Cash advances

**Answer: D (LEAVE A REPLY)**

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**NEW QUESTION: 122**

A voucher is:

- A. a file that includes the purchase order that was send to the vendor, the vendor invoice listing the cost and quantity of items purchased, and the internal receiving reports that verify the purchased items have been delivered.
- B. a figure that includes the sale order that was send to the dealer, the vendor invoice listing the cost and quantity of items sold, and the internal receiving reports that verify the purchased items have been delivered.
- C. a report that includes the purchase order that was send to the vendor, the vendor invoice listing the quality and quantity of items purchased, and the external receiving reports that verify the items have been sold.
- D. a mammogram that includes the purchase order that was send to the purchaser, the purchaser invoice listing the benefits and quantity of items purchased, and the internal receiving reports that verify the purchased items have been sold.

**Answer: A (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 123**

Financial statement fraud is committed by:

- A. Organized criminals

- B. Mid and lower level employees
- C. Senior Management
- D. All of the above

**Answer: D (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 124**

According to Hollinger and Clark for Policy development, management must pay attention to:

- A. Neither A nor B
- B. Both A & B
- C. A clear understanding regarding theft behavior
- D. Enforcement of sanctions

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 125**

\_\_\_\_\_ are the amounts which are owned to other entities:

- A. Supplies
- B. Expenses
- C. Assets
- D. Liabilities

**Answer: D (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 126**

\_\_\_\_\_ is a summary of the account balances carried in a ledger.

- A. Balance sheet
- B. Income statement
- C. Financial statement
- D. General journal

**Answer: C (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 127**

Which of the following is NOT the aspect of inventory purchase?

- A. might be some fraud scheme in inventory.
- B. Inventory purchases purposely increase in year 1 only to be liquidated in year 2.
- C. Increase sales in year 2 are unexpected and purchase of inventory does not keep pace with the sales.
- D. inventory for the year 2 will be much greater than year 1.

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 128**

Occupational fraud and abuse is a (an) \_\_\_\_\_ of doing business, in much the same way that we pay expenses for electricity, taxes and wages.

- A. Equity
- B. Balance sheet
- C. Expense
- D. Financial record

**Answer: C (LEAVE A REPLY)**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 129**

According to a survey, in principal perpetrator, males in a majority of cases, accounting for \_\_\_ percent of frauds versus \_\_\_ percent in which a female was the primary culprit.

- A. None of the above
- B. 62 versus 36
- C. 62 versus 37
- D. 61 versus 39

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 130**

Employees steal an incoming payment and then place the incoming funds in an interest bearing account for:

- A. Short-term skimming
- B. All of the above
- C. Converting stolen checks
- D. Concealing the fraud

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 131**

The heart of book keeping system is the \_\_\_\_\_.

- A. Asset
- B. Journal
- C. Checkbook
- D. Liability

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 132**

False billing scheme states that:

- A. employees cause their company to sale merchandise that the company does not need.

**B.** employees do not cause their company to sale merchandise that the company does not need.

**C.** employees cause their company to purchase merchandise that the company does not need

**D.** employees do not cause their company to purchase merchandise that the company does not need.

**Answer: C ([LEAVE A REPLY](#))**

#### **NEW QUESTION: 133**

Once the expense account is closed, it becomes a historical item and probably will never be reviewed again.

**A.** True

**B.** False

**Answer: ([SHOW ANSWER](#))**

Section: Financial Transactions and Fraud Schemes

#### **NEW QUESTION: 134**

A special scheme in which employees know their employer is seeking to purchase a certain asset and take advantage of the situation by purchasing the asset themselves is:

**A.** Unauthorized sale

**B.** Turnaround sale or flip

**C.** Conflict of interest in sale

**D.** Written sale of unique assets

**Answer: ([SHOW ANSWER](#))**

#### **NEW QUESTION: 135**

The scheme which reduces victim companies to issue fraudulent payments for goods or services that they have not received is called:

**A.** Bogus claims

**B.** Billing scheme

**C.** Reliance billing

**D.** Misappropriate claims

**Answer: A ([LEAVE A REPLY](#))**

Section: Fraud Prevention and Deterrence

#### **NEW QUESTION: 136**

Accounting records are designed to be kept on subjective rather than objective evidence.

**A.** True

**B.** False

**Answer: B ([LEAVE A REPLY](#))**

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**NEW QUESTION: 137**

\_\_\_\_\_ corrupt employees can cause inventory to be fraudulently delivered to themselves or accomplices.

- A. Fraudulent inventory slip
- B. False packing slip
- C. False shipping slip
- D. False credit slip

**Answer: (SHOW ANSWER)**

**NEW QUESTION: 138**

Bid-rigging scheme occurs when:

- A. an employee does not assist a vendor in winning a contract through the competitive bidding process.
- B. an employee once assists a vendor in winning a contract through a single competitive bidding process.
- C. an employee fraudulently assists a vendor in winning a contract through the competitive bidding process.
- D. an employee once assists a vendor in winning a contract through a single competitive bidding process.

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 139**

Which are check tempering frauds in which an employee prepares a fraudulent check and submits it usually along with legitimate checks to an authorized maker who signs it without a proper review?

- A. Endorse check scheme
- B. Legitimate check scheme
- C. Payable check scheme
- D. Concealed check scheme

**Answer: D (LEAVE A REPLY)**

Section: Fraud Prevention and Deterrence

**NEW QUESTION: 140**

The essential elements of a \_\_\_\_\_ are an actual or constructive taking away of the goods or property of another without the consent and against the will of the owner and with a felonious intent.

- A. Larceny
- B. None of the above
- C. Abuse
- D. Fiduciary

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 141**

How many accounts are affected in fraudulent accounting entries and therefore same number of categories on the financial statement?

- A. One
- B. At least two
- C. More than two
- D. None of above

**Answer: A ([LEAVE A REPLY](#))**

Section: Financial Transactions and Fraud Schemes

**NEW QUESTION: 142**

According to fraud tree, cash has three following schemes:

- A. Skimming, cash larceny and fraudulent disbursements
- B. Cash distribution, skimming and fraud analysis
- C. Fraud analysis, skimming and cash misappropriations
- D. Cash larceny, cash distribution and fraudulent disbursements

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 143**

Every bribe is a two-sided transaction, in which where a vendor bribes a purchaser, there is someone on the vendor's side of the transaction who is not making an illicit payment.

- A. False
- B. True

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 144**

A person is said to be in \_\_\_\_\_ act, when the business which he transacts, or the money or property which he handles, is not for his own benefit, but for another person:

- A. Fiduciary Capacity
- B. Embezzlement
- C. None of the above

D. Conversion

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 145**

Which of the following is NOT the reason to bribe employees of the purchaser?

- A. To extend the bid opening date
- B. To ensure bid-splitting
- C. To ensure receipt of a late bid
- D. To falsify the bid log

**Answer: B (LEAVE A REPLY)**

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