

Latest Version: 6.0

Question: 1

Which of the following is FALSE regarding corporate governance'

- A. Effective corporate governance practices are most necessary in an organization in which the owners are not also the individuals responsible for setting and executing the business strategy
- B. Effective corporate governance practices are considered to be the foundation of fraud risk management.
- C. Corporate governance's primary purpose is to ensure the accuracy of the organization's financial reports
- D. An entity's corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization.

Answer: D

Question: 2

Which of the following is FALSE regarding corporate governance'

- A. Effective corporate governance practices are most necessary in an organization in which the owners are not also the individuals responsible for setting and executing the business strategy
- B. Effective corporate governance practices are considered to be the foundation of fraud risk management.
- C. Corporate governance's primary purpose is to ensure the accuracy of the organization's financial reports
- D. An entity's corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization

Answer: A

Question: 3

According to G20/OECD Principles of Corporate Governance (the Principles):

- A. Governments should have in place a corporate governance framework that promotes transparent and fair markets
- B. Companies should disclose all financial information to investors, regardless of the cost burden of the disclosure
- C. A corporate governance framework should focus on the rights of shareholders but does not need to include the rights of other organizational stakeholders

D. All of the above

Answer: A

Question: 4

The fact that most groups within groups a society have the same ideas of right and wrong greatly assists in the ability to determine the correct ethical decision in a given situation.

- A. True
- B. False

Answer: B

Question: 5

In identifying the inherent fraud risks that could apply to the organization the fraud risk assessment team should discuss

- A. The possibility of management override of controls
- B. Risks to the organization's reputation
- C. The organization's incentive programs
- D. All of the above

Answer: D

Question: 6

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

- A. Criminal behavior is learned from other people in a process of communication
- B. Criminal behavior is learned using the same mechanisms as other learning
- C. Criminal behavior is acquired through participation with intimate personal groups
- D. The process of learning criminal behavior Is the same as pure imitation

Answer: C

Question: 7

Which of the following is FALSE regarding fraud examiners responsibilities under the ACFE Code of Professional Ethics?

- A. Confidential information provided to fraud examiners by their clients is considered privileged and therefore legally exempt from disclosure in all circumstances
- B. In determining what information to include in a fraud examination report, fraud examiners should try to decide what users will consider important and material
- C. If fraud examiners become aware of a situation that might appear to others as though they have a conflict of interest they should immediately disclose the situation to company management
- D. Fraud examiners must obtain and document evidence in a manner that ensures that the chain of custody is preserved

Answer: B

Question: 8

For its compliance program to be effective, an organization must perform procedures to ensure management hires only ethical individuals who exercise a substantial measure of discretion in acting on the organization's behalf.

- A. True
- B. False

Answer: A

Question: 9

According to the authors of Crimes of the Middle Classes, all of the following factors have contributed to the rising problem of economic crime EXCEPT:

- A. The continued pressures of a culture that rewards affluence and success
- B. The economy's increased reliance on credit
- C. The decrease in funds available from government assistance programs
- D. The increased opportunity for wrongdoing as a result of advancing information technologies

Answer: D

Question: 10

In the context of fraud examination, integrity requires all of the following EXCEPT:

- A. Subordination of desires for personal gain to the interests of clients, employers, and the public

- B. Avoidance of differences of opinion
- C. Independence of mental attitude
- D. An ability to analyze situations where no professional rules are specifically applicable and determine right from wrong

Answer: B