

ACFE CERTIFIED FRAUD EXAMINER (CFE) FINANCIAL TRANSACTIONS AND FRAUD SCHEMES PRACTICE EXAM (SAMPLE)

STUDY GUIDE

FIND AID FOR
CONSOLIDATED STATEMENTS OF ACT.

KT AND REVENUES:
as potential rent
ss: Vacancies and concessions
Rental Income
grants and contracts
Contributions
Program income
Special events
Administrative fees
Investment return, net
Other income

EXPENSES:
Program Services:
Senior housing
Senior centers
Management and General
Fundraising

CHANGE IN NET ASSETS
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR

\$	7,487,657	\$	7,076,679
	(474,159)		3,727,141
	7,013,498		171,735
	4,097,766		119,379
	130,686		69,804
	124,451		8,968
	82,137		299,677
	5,140		259,619
	(72,556)		
	221,487		11,733,002
	<u>11,602,609</u>		
			5,496,123
	5,665,575		3,921,491
	4,283,740		9,417,614
	9,949,315		1,470,318
	1,594,032		115,288
	208,184		11,603,220
	<u>11,751,531</u>		729,782
	(148,922)		7,188,835
	<u>7,918,617</u>		
\$	7,769,695	\$	7,918,617

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://acfecfeintransfraudschemes.examzify.com>



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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What are the primary categories included in the statement of cash flows?**
 - A. Net profit, operating activities, investing activities, financing activities
 - B. Cash flows from operating activities, cash flows from investing activities, cash flows from financing activities, cash flows from strategic activities
 - C. Cash flows from sales, cash flows from services, cash flows from investments, cash flows from financing
 - D. Operating income, expenditures, profit margins, financing costs
- 2. Which document would an employee alter to conceal inventory theft?**
 - A. Purchase order
 - B. Shipping invoice
 - C. Receiving report
 - D. Accounts payable statement
- 3. Which of the following statements concerning unnecessary medical tests is accurate?**
 - A. They are never fraudulent if performed
 - B. They must always be disclosed to patients
 - C. They are always a violation of law
 - D. They might sometimes be in conjunction with fraudulent practices
- 4. What does the asset turnover ratio measure?**
 - A. Profitability
 - B. Efficiency in using assets
 - C. Liquidity of assets
 - D. Risk level related to assets
- 5. What approach is NOT appropriate for detecting nonconforming goods or services schemes?**
 - A. Reviewing contractor's statements and claims
 - B. Examining specification compliance documents
 - C. Collecting customer feedback on satisfaction
 - D. Testing received products for compliance

- 6. Which of the following is NOT a common type of payment card fraud?**
- A. Card counterfeiting
 - B. Skimming
 - C. Advance payments
 - D. Profiling
- 7. What is an example of a method used to determine if there are weaknesses in a company's financial controls?**
- A. Implementing negotiated payment strategies.
 - B. Analyzing financial trends over time.
 - C. Encouraging open communication among staff.
 - D. Increasing the number of audits annually.
- 8. What security measure aims to protect manual file systems from unauthorized access?**
- A. Using firewalls
 - B. Shredding sensitive documents
 - C. Encrypting digital files
 - D. Implementing password protection
- 9. Why are unauthorized ACH debits typically filtered out by banks?**
- A. To prevent financial loss
 - B. To enhance customer service
 - C. To simplify transaction processing
 - D. To collect more fees
- 10. Which of the following items can assist in identity theft through dumpster diving?**
- A. A. Old magazines
 - B. B. Empty containers
 - C. C. Credit card receipts
 - D. D. Food packaging

Answers

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1. B
2. C
3. D
4. B
5. C
6. D
7. B
8. B
9. A
10. C

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Explanations

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1. What are the primary categories included in the statement of cash flows?

- A. Net profit, operating activities, investing activities, financing activities
- B. Cash flows from operating activities, cash flows from investing activities, cash flows from financing activities, cash flows from strategic activities**
- C. Cash flows from sales, cash flows from services, cash flows from investments, cash flows from financing
- D. Operating income, expenditures, profit margins, financing costs

The statement of cash flows primarily categorizes cash inflows and outflows into three key components: operating activities, investing activities, and financing activities. Each of these categories provides insights into different aspects of a company's cash flow management. Operating activities encompass the core business operations of a company, including cash received from customers and cash paid to suppliers and employees. This section indicates how well a company generates cash from its regular business operations. Investing activities reflect the cash transactions related to the purchase and sale of long-term assets, such as property, equipment, and investments. This helps in understanding how much a company is investing in its future growth or managing its existing assets. Financing activities cover cash flows related to borrowing and repaying debt, issuing stock, or paying dividends. This section provides insights into how a company finances its operations and growth through external sources of capital. The inclusion of "cash flows from strategic activities" in one of the other options does not align with the standard reporting format of cash flows, as it is not a recognized category in the statement of cash flows. Therefore, identifying the three primary categories is essential for accurate financial reporting and analysis.

2. Which document would an employee alter to conceal inventory theft?

- A. Purchase order
- B. Shipping invoice
- C. Receiving report**
- D. Accounts payable statement

Altering a receiving report is a strategic method to conceal inventory theft because this document serves as a record of quantities and types of inventory that have been received by a company. If an employee is attempting to hide the theft of inventory, modifying the receiving report allows them to adjust the inventory figures to reflect a higher quantity than what was actually received or to eliminate records of items that were actually taken. This manipulation creates a misrepresentation of the inventory on hand, making it easier to divert items without raising suspicion among management or auditors. In contrast, documents like the purchase order or shipping invoice typically relate to the ordering and shipment processes rather than the actual receipt and storage of goods, making them less effective for concealing theft after the fact. The accounts payable statement similarly revolves around financial records rather than inventory control, thus not serving the immediate need to disguise stolen goods effectively. Overall, the focus on the receiving report highlights its pivotal role in tracking physical inventory in a business, and altering it directly impacts the apparent inventory levels, providing a cover for the theft.

3. Which of the following statements concerning unnecessary medical tests is accurate?

- A. They are never fraudulent if performed
- B. They must always be disclosed to patients
- C. They are always a violation of law
- D. They might sometimes be in conjunction with fraudulent practices**

Unnecessary medical tests can indeed be associated with fraudulent practices, making the selected answer accurate. In certain circumstances, healthcare providers may order tests that are not clinically justified to increase billing or to benefit from compensation in ways that exploit insurance systems. This relationship highlights a potential fraud scheme where the medical provider, motivated by financial gain, intentionally provides unnecessary services. While it's true that not every instance of unnecessary testing constitutes fraud, the possibility that such actions can coincide with fraudulent motives or actions fits well within the context of healthcare fraud schemes. This understanding is crucial for identifying, investigating, and preventing fraud in medical practice. The other statements are not factual. Medical tests may not be inherently fraudulent when performed, as there might be legitimate reasons for assessing a patient's condition beyond just ethical concerns. Disclosure to patients about all tests is not a blanket requirement, as medical judgment often guides test recommendations. Furthermore, unnecessary tests are not automatically illegal; legality often depends on the intentions and circumstances surrounding their administration.

4. What does the asset turnover ratio measure?

- A. Profitability
- B. Efficiency in using assets**
- C. Liquidity of assets
- D. Risk level related to assets

The asset turnover ratio specifically measures how efficiently a company utilizes its assets to generate revenue. This ratio is calculated by dividing total sales or revenue by the average total assets. A higher asset turnover ratio indicates that a company is more effective in using its assets to produce sales, which is a critical indicator of operational efficiency. This ratio plays a crucial role in analyzing a company's performance, as it directly reflects how well the company is managing its assets concerning its sales volume. Investors and analysts often look at this metric to assess a firm's asset utilization and make comparisons with industry peers. Understanding this ratio helps stakeholders gauge whether a company is achieving optimal performance from its assets.

5. What approach is NOT appropriate for detecting nonconforming goods or services schemes?

- A. Reviewing contractor's statements and claims
- B. Examining specification compliance documents
- C. Collecting customer feedback on satisfaction**
- D. Testing received products for compliance

Collecting customer feedback on satisfaction is not typically an effective approach for detecting nonconforming goods or services schemes. This method primarily gauges the subjective experiences and perceptions of customers regarding the products or services they received. While customer feedback can indicate dissatisfaction that might arise from nonconforming goods, it does not provide the rigorous examination needed to directly assess compliance with specifications or standards. In contrast, the other approaches are more aligned with objective evaluations and standards that can help identify discrepancies between what was promised and what was delivered. Reviewing contractor statements and claims, examining specification compliance documents, and testing received products for compliance all involve a thorough interrogation of processes and tangible results, making them more robust for uncovering potential fraud related to nonconforming goods or services.

6. Which of the following is NOT a common type of payment card fraud?

- A. Card counterfeiting
- B. Skimming
- C. Advance payments
- D. Profiling**

In the context of payment card fraud, profiling is not recognized as a common tactic employed by fraudsters. Instead, profiling generally refers to an investigative technique used to analyze and identify patterns of behavior, often in relation to criminal activities. While profiling can be useful in understanding criminal behavior or predicting future crimes, it does not directly involve the manipulation or unauthorized use of payment cards. On the other hand, card counterfeiting and skimming are well-documented methods of payment card fraud. Card counterfeiting involves the creation of fake cards using stolen card information, typically through the use of technology that copies the details from legitimate cards. Skimming happens when devices are used to capture card details from legitimate cards during transactions, such as at ATMs or point-of-sale terminals. Advance payments, while not as prevalent as the other two methods, can involve fraudulent schemes where individuals or companies request payment upfront for goods or services that are never delivered, which can include scenarios using payment cards. Therefore, among the options provided, profiling stands out as unrelated to the mechanics of payment card fraud.

7. What is an example of a method used to determine if there are weaknesses in a company's financial controls?

- A. Implementing negotiated payment strategies.
- B. Analyzing financial trends over time.**
- C. Encouraging open communication among staff.
- D. Increasing the number of audits annually.

Analyzing financial trends over time is a valuable method for identifying weaknesses in a company's financial controls. By examining trends in financial data, such as revenue growth, expense patterns, or unexpected fluctuations in accounts, discrepancies or irregularities can be revealed that may indicate control deficiencies. For example, a sudden increase in certain expenses without corresponding revenue or a decline in profit margins can highlight areas where financial controls may be ineffective or compromised, thus prompting further investigation. This method allows for the detection of anomalies that could suggest improper transactions, potential fraud, or lapses in adherence to established financial policies. Trends can be evaluated against historical data, industry benchmarks, or expected outcomes, providing insights into areas that require enhanced scrutiny or intervention. The other methods listed, while potentially beneficial in various contexts, do not specifically target the identification of weaknesses in financial controls in the same direct way that analyzing financial trends does. They may support overall corporate health or improve communication and compliance but lack the focused analytical approach needed to isolate and assess control weaknesses effectively.

8. What security measure aims to protect manual file systems from unauthorized access?

- A. Using firewalls
- B. Shredding sensitive documents**
- C. Encrypting digital files
- D. Implementing password protection

Shredding sensitive documents is a security measure specifically designed to protect manual file systems from unauthorized access by physically destroying documents that contain confidential or sensitive information. By shredding these documents, an organization ensures that even if unauthorized individuals gain access to the paper records, the information cannot be reconstructed or read. This practice mitigates the risk of data breaches and identity theft related to physical documents. In contrast, the other options focus on digital environments or do not directly address manual file systems. Firewalls primarily protect networks and digital data from unauthorized access and attacks. Encrypting digital files secures information in electronic formats, making it unreadable without the proper decryption key, but does not apply to physical documents. Implementing password protection secures access to specific digital systems or files, but does not pertain to the protection of physical manual file systems. Consequently, shredding sensitive documents is the most appropriate measure for safeguarding manual records against unauthorized access.

9. Why are unauthorized ACH debits typically filtered out by banks?

- A. To prevent financial loss**
- B. To enhance customer service
- C. To simplify transaction processing
- D. To collect more fees

Unauthorized ACH debits are filtered out by banks primarily to prevent financial loss. When a bank detects a transaction that is unauthorized, it takes proactive measures to block these transactions before they can affect the customer's account. This is crucial because unauthorized debits can lead to significant financial harm for both the account holder and the bank itself. If a bank fails to stop such transactions, it risks liability and reputational damage, as customers expect their financial institutions to safeguard their accounts against fraud. While enhancing customer service, simplifying transaction processing, and collecting more fees may be considerations in the banking operations, the fundamental reason for filtering unauthorized ACH debits is to protect against financial loss. Ensuring the security of customers' funds is paramount in maintaining trust and reliability in banking services.

10. Which of the following items can assist in identity theft through dumpster diving?

- A. A. Old magazines
- B. B. Empty containers
- C. C. Credit card receipts**
- D. D. Food packaging

Credit card receipts are particularly valuable for identity theft when accessed through dumpster diving. These receipts often contain sensitive information, such as the cardholder's name, card number, and sometimes even the security code or transaction details. This information can be used by thieves to make unauthorized transactions or to create counterfeit cards, thereby enabling them to impersonate the victim. The other items listed, while they might provide some personal information or insights into a person's habits, generally do not contain the same level of detailed financial information. Old magazines and empty containers may provide names or addresses, and food packaging might indicate purchasing habits, but they do not typically contribute directly to the ability to steal someone's identity in the same way that credit card receipts do. Thus, credit card receipts stand out as distinctly useful for a thief seeking to commit identity fraud.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://acfecfefintransfraudschemes.examzify.com>

We wish you the very best on your exam journey. You've got this!

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