

ACFE CERTIFIED FRAUD EXAMINER (CFE) INVESTIGATIONS PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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 is the primary goal of an admission-seeking interview?**
 - A. Gather background information about the subject
 - B. Determine if the subject has withheld key information
 - C. Obtain a legal admission of wrongdoing
 - D. All of the above
- 2. Why would a fraud examiner perform duplicate testing on data?**
 - A. To identify transactions with matching values in the same field.
 - B. To determine whether company policies are met by employee transactions.
 - C. To identify missing items in a sequence or series.
 - D. To determine the relationship among different variables in raw data.
- 3. Which investigative technique involves observing a subject's activities?**
 - A. Interviewing witnesses
 - B. Surveillance
 - C. Financial analysis
 - D. Data mining
- 4. What role do interviews play in fraud examination?**
 - A. They are the primary way to gather evidence.
 - B. They are used to establish credible witnesses.
 - C. They help to identify the key suspects.
 - D. All of the above
- 5. What is the purpose of the ACFE's code of ethics?**
 - A. To create punitive measures for fraud
 - B. To establish principles for professional conduct
 - C. To guide legal prosecution
 - D. To facilitate witness testimony
- 6. What is a type of visual aid that shows the relationship between multiple entities?**
 - A. Decision chart
 - B. Matrix
 - C. Time-flow diagram
 - D. Organization chart

- 7. What question should a fraud examiner ask to probe for additional details after an oral confession?**
- A. "Did you spend everything?"
 - B. "Is there anything left?"
 - C. "What do you have left?"
 - D. "It's all gone, isn't it?"
- 8. What constitutes vendor fraud?**
- A. When vendors refund money back to the organization
 - B. When vendors deceive a company for financial gain
 - C. When vendors offer discounts on products
 - D. When vendors provide confidential information to competitors
- 9. What is the primary role of forensic accounting in a fraud investigation?**
- A. Conducting interviews
 - B. Analyzing financial data
 - C. Collecting physical evidence
 - D. Providing legal representation
- 10. What is the primary goal of a fraud investigation?**
- A. To create a detailed financial plan
 - B. To identify and substantiate fraudulent activities
 - C. To promote employees within the organization
 - D. To streamline business operations

Answers

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

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Explanations

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1. What is the primary goal of an admission-seeking interview?

- A. Gather background information about the subject
- B. Determine if the subject has withheld key information
- C. Obtain a legal admission of wrongdoing**
- D. All of the above

The primary goal of an admission-seeking interview is to obtain a legal admission of wrongdoing. The core purpose of such an interview is to encourage the interviewee to acknowledge their involvement in or responsibility for fraudulent activities. This type of interview is specifically designed to elicit a confession or admission which can serve as critical evidence in an investigation. While gathering background information about the subject and determining if they have withheld key information can be important components of the overall investigation process, these tasks are not the primary focus of an admission-seeking interview. Instead, the interview is strategically structured around obtaining a direct acknowledgment of misconduct, which can help to clarify the facts of the case and potentially support legal action if necessary.

2. Why would a fraud examiner perform duplicate testing on data?

- A. To identify transactions with matching values in the same field.**
- B. To determine whether company policies are met by employee transactions.
- C. To identify missing items in a sequence or series.
- D. To determine the relationship among different variables in raw data.

Performing duplicate testing on data is crucial in fraud examinations because it allows the fraud examiner to identify transactions that have matching values in the same field. This process helps in detecting irregularities or potential fraudulent activities where transactions may have been duplicated intentionally or unintentionally, indicating possible fraud schemes, such as billing schemes or payment fraud. For instance, identifying duplicate payments made to the same vendor or employee could reveal manipulation of the financial records. This type of analysis focuses specifically on the integrity of the data entered in financial systems and can surface discrepancies that warrant further investigation. In contrast, other approaches in the options provided focus on different objectives. While determining if company policies are adhered to (as suggested elsewhere) is important, it doesn't specifically relate to identifying duplication. Similarly, identifying missing items in a sequence serves a more logistical or operational purpose rather than focusing on duplicity. Lastly, analyzing the relationships among different variables pertains more to correlation and regression analysis rather than the targeted activity of detecting duplicate entries. Therefore, identifying matching values in the same field effectively aligns with the reason for conducting duplicate testing.

3. Which investigative technique involves observing a subject's activities?

- A. Interviewing witnesses
- B. Surveillance**
- C. Financial analysis
- D. Data mining

Surveillance is an investigative technique that involves monitoring a subject's activities to gather evidence about their behavior, movements, and interactions. It can include physical observation, the use of cameras, or other methods that allow investigators to collect real-time data on the subject's actions without their knowledge. This method is particularly useful in fraud investigations where understanding a subject's behavior in a natural setting can reveal patterns, inconsistencies, or confirm allegations of wrongdoing. The other techniques mentioned serve different purposes. Interviewing witnesses focuses on gathering verbal accounts or testimony from individuals who may have relevant information about the subject or the case, while financial analysis examines financial records for anomalies or unusual transactions. Data mining involves analyzing large sets of data to identify trends and patterns, often using software tools, which is different from directly observing a subject's actions. Each of these methods has its unique role in an investigation but none specifically involves direct observation of a subject's activities as surveillance does.

4. What role do interviews play in fraud examination?

- A. They are the primary way to gather evidence.
- B. They are used to establish credible witnesses.
- C. They help to identify the key suspects.
- D. All of the above**

Interviews play a multifaceted and critical role in fraud examination. They are essential for gathering evidence, establishing credible witnesses, and identifying key suspects. Each of these functions contributes to the overall investigation process, making interviews indispensable. Gathering evidence through interviews allows investigators to collect firsthand accounts and insights that may not be captured through physical evidence or documents. This qualitative data can provide context and depth to the understanding of the fraud incident. Establishing credible witnesses is another vital aspect. Witnesses who can provide reliable and corroborative information enhance the credibility of the investigation. Their testimonies can support or refute claims and help build a clearer picture of the events surrounding the alleged fraud. Furthermore, interviews are instrumental in identifying key suspects. Through questioning, investigators can gauge responses, observe behavior, and obtain critical information that may indicate who was involved in the fraudulent activities. The combination of these roles underscores the comprehensive nature of interviews in fraud examination, making them an integral tool for investigators in their pursuit of uncovering the truth behind fraudulent actions.

5. What is the purpose of the ACFE's code of ethics?

- A. To create punitive measures for fraud
- B. To establish principles for professional conduct**
- C. To guide legal prosecution
- D. To facilitate witness testimony

The purpose of the ACFE's code of ethics is to establish principles for professional conduct among Certified Fraud Examiners and other professionals in the fraud examination field. This code outlines the ethical standards that members are expected to adhere to, fostering integrity, accountability, and professionalism in their practices. By emphasizing the importance of ethical behavior, the code serves to enhance the credibility of the profession and protect the interests of those who rely on the expertise of fraud examiners. In contrast to the other choices, which suggest punitive measures, legal guidance, or facilitation of testimony, the code of ethics is fundamentally concerned with the moral and ethical responsibilities of professionals rather than focusing on punishment or legal processes. The primary goal is to guide members in making ethical decisions and maintaining trust with clients, organizations, and the public.

6. What is a type of visual aid that shows the relationship between multiple entities?

- A. Decision chart
- B. Matrix**
- C. Time-flow diagram
- D. Organization chart

The matrix is a type of visual aid that effectively displays the relationships between multiple entities, making it a versatile tool for various contexts such as decision-making, project management, and data analysis. In a matrix, entities can be represented in a grid format, where rows and columns intersect to show intersections or relationships, facilitating the understanding of complex interactions. This format allows users to easily compare and contrast different entities or to see how they may be interconnected. For example, in project management, a matrix might represent team members and their roles in different tasks, highlighting both individual contributions and overlaps in responsibilities. Its ability to condense information into a concise, visual format helps stakeholders quickly grasp complex relationships and make informed decisions based on that data. In contrast, a decision chart serves primarily to guide the decision-making process, focusing on evaluating choices rather than highlighting relationships among various entities. A time-flow diagram depicts sequences and timelines, which is less about relational dynamics and more about chronological order. An organization chart visually represents the structure of an organization, detailing hierarchy and reporting lines rather than multifaceted relationships, thus not serving the broader purpose of showcasing diverse interconnectedness.

7. What question should a fraud examiner ask to probe for additional details after an oral confession?

- A. "Did you spend everything?"
- B. "Is there anything left?"
- C. "What do you have left?"**
- D. "It's all gone, isn't it?"

When probing for additional details after an oral confession, the question that stands out is one that invites the individual to provide specific information, which is what "What do you have left?" accomplishes. This question encourages the confession to elaborate on the specifics of their situation, particularly regarding any assets or remnants related to the fraudulent activity. It is open-ended and allows the interviewee the opportunity to offer more detailed insights into their circumstances following the confession. By asking what they have left, the fraud examiner can gain valuable information about the extent of the fraudulent activities, any remaining assets, or even potential complications that might still exist as a result of the fraud. Such insights can be crucial for the investigation and may assist in understanding the full impact of the fraud. The other options tend to be more closed or leading in nature, which can restrict the information that the subject may provide. For instance, questions that assume the state of their assets or finances, like "It's all gone, isn't it?" may elicit a defensive response rather than an informative one. By positioning the inquiry more neutrally, the examiner creates a conducive atmosphere for further disclosure.

8. What constitutes vendor fraud?

- A. When vendors refund money back to the organization
- B. When vendors deceive a company for financial gain**
- C. When vendors offer discounts on products
- D. When vendors provide confidential information to competitors

Vendor fraud occurs when vendors engage in deceptive practices designed to secure financial advantage at the expense of a company. This can include tactics such as submitting false invoices, billing for goods or services not provided, or inflating prices beyond what is agreed upon, all with the intention of unlawfully enriching themselves. In this context, the action of deceiving a company for financial gain captures the essence of fraud, which is the intentional misrepresentation of facts for an unfair advantage. Recognizing vendor fraud is critical for organizations to protect their financial interests and maintain ethical standards in their business relationships. The other scenarios, while possibly unethical, do not fit the definition of fraud. For instance, a vendor refunding money is a legitimate operation that would not constitute fraud. Offering discounts does not represent any deception; it is a common business practice that benefits both parties. Similarly, providing confidential information to competitors is an issue related to breaches of confidentiality and trust, rather than fraud per se.

9. What is the primary role of forensic accounting in a fraud investigation?

- A. Conducting interviews
- B. Analyzing financial data**
- C. Collecting physical evidence
- D. Providing legal representation

The primary role of forensic accounting in a fraud investigation is to analyze financial data. Forensic accountants specialize in investigating financial discrepancies and irregularities, making it crucial for them to meticulously examine financial records, transactions, and accounting practices to identify any evidence of fraud. This analysis often involves tracing funds, reconciling accounts, and employing various methods to detect anomalies that could indicate fraudulent activity. While conducting interviews, collecting physical evidence, and providing legal representation are important aspects of the broader investigation process, they are not the core focus of forensic accounting itself. The expertise of forensic accountants lies in their ability to analyze financial information, which ultimately contributes to uncovering the fraud and supporting any legal proceedings that may follow.

10. What is the primary goal of a fraud investigation?

- A. To create a detailed financial plan
- B. To identify and substantiate fraudulent activities**
- C. To promote employees within the organization
- D. To streamline business operations

The primary goal of a fraud investigation is to identify and substantiate fraudulent activities. This process involves gathering evidence, analyzing data, and conducting interviews to determine whether fraud has occurred and to what extent. This goal is critical because effective fraud investigations help organizations understand the nature and impact of fraud, hold individuals accountable, and implement measures to prevent future occurrences. Identifying fraudulent activities allows a company to take necessary legal actions, recover losses, and strengthen internal controls. The focus on substantiating these activities ensures that investigations are thorough and that findings can be upheld in legal contexts if prosecution or disciplinary actions are required. Thus, this choice accurately captures the central aim of fraud investigations in maintaining organizational integrity and trust. The other options focus on different aspects of business management and operations, which, while important, do not directly relate to the essential purpose of fraud investigations.

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://acfecfeinvestigations.examzify.com>

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

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