COACH CFE PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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

1. Green's scheme is best classified as which type of fraud?

A. An unrecorded sales (skimming) scheme

B. An understated sales (skimming) scheme

C. A cash larceny scheme

D. A commission scheme

2. Can comparing register totals to cash drawer amounts reliably detect cashier skimming?

A. True

B. False

C. Sometimes

D. Only for small amounts

3. Which statement describes factoring groups' practice in relation to telemarketing operations?

A. Asian/European charge more

B. Factoring groups buy credit card receipts at a discount

C. They approach banks for processing

D. Factoring illegal in all jurisdictions

4. Which items are typically classified as current assets?

A. Cash and equivalents

B. Accounts payable

C. Inventory

D. All of the above

5. A recommended practice to detect expense reimbursement schemes is to compare current period expenses to both historical expenditure amounts and budgeted expense amounts.

A. True

B. False

C. Not always

D. Sometimes

6. _____ is the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users.

A. Financial statement fraud

B. Material misstatement

C. Accounting fraud

D. Occupational fraud

7. Which of the following is NOT a common method for concealing liabilities and expenses?

A. Omitting liabilities and/or expenses

B. Improperly capitalizing costs

C. Failing to disclose warranty costs and product-return liabilities

D. Recording gains from asset sales

8. Lindsey, a medical provider, makes monetary payments to existing patients and other providers for referring new patients. What is this scheme called?

A. Beneficiary fraud

B. Deductible forfeiture

C. Fictitious services

D. Kickback

9. What term describes potential obligations that will materialize only if certain events occur, such as a corporate guarantee or ongoing litigation?

A. Contingent liabilities

B. Loan covenants

C. Current liabilities

D. Revenue recognition

10. A common red flag of brokered loan fraud includes which of the following?

A. Low brokerage fee and broker still in business

B. Normal underwriting and standard fees

C. No broker involvement

D. High brokerage fee and broker no longer in business

Answers

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

Explanations

1. Green's scheme is best classified as which type of fraud?

A. An unrecorded sales (skimming) scheme

B. An understated sales (skimming) scheme

C. A cash larceny scheme

D. A commission scheme

Green's scheme is about taking cash from customers before the sale is recorded, so no entry ever appears for that sale in the books. That's the essence of an unrecorded sales (skimming) scheme—the cash is skimmed without being posted to revenue. This differs from understated sales, where the sale is recorded but for a smaller amount, and from cash larceny, where cash has already been recorded and is stolen later, and from a commission scheme, which involves falsified or inflated commissions. Skimming hides the theft by keeping the sale out of the records entirely, leading to missing revenue and missing cash without a corresponding entry.

2. Can comparing register totals to cash drawer amounts reliably detect cashier skimming?

A. True

B. False

C. Sometimes

D. Only for small amounts

Relying on a simple tally of register totals against the cash in the drawer isn't enough to catch cashier skimming. A cashier can skim cash and still have the till appear to balance by using adjustments such as voids, refunds, or no-sale entries that shift money back into the till or offset the theft in ways that aren't obvious in the end of day count. In other words, the drawer can come out correct even while theft is occurring, because the fraudulent activity is masked by how transactions are recorded or adjusted. To improve detection, rely on additional controls beyond just reconciliation: scrutinize unusual patterns in voids and refunds, monitor no sale keys, use independent cash counts or surprise cash audits, and pair these with surveillance or CCTV and supervisory review of cash handling. This combination makes skimming harder to hide and increases the chance of catching it.

3. Which statement describes factoring groups' practice in relation to telemarketing operations?

A. Asian/European charge more

B. Factoring groups buy credit card receipts at a discount

C. They approach banks for processing

D. Factoring illegal in all jurisdictions

Factoring groups finance telemarketing by purchasing the right to collect future credit-card receipts at a discount. They advance cash to the telemarketer up front and then take over the responsibility (and the timing) of collecting those card payments. The factor earns money from the discount and any fees for handling the collection, which is why this arrangement is appealing for campaigns needing quick cash. It's different from banks—factoring is not about banks processing payments, but about a third-party financer buying receivables. It's also not tied to a geographic price difference, and factoring isn't illegal in all jurisdictions, though it does involve regulatory considerations.

4. Which items are typically classified as current assets?

A. Cash and equivalents

B. Accounts payable

C. Inventory

D. All of the above

Current assets are resources the company expects to convert to cash or use up within a year (or the operating cycle, if longer). Cash and equivalents are the most liquid, so they clearly belong here. Inventory also fits, since it's held for sale in the near term. Accounts payable, however, is a current liability—the obligation to pay suppliers—not an asset. Because one item is a liability, the list containing all items isn't correct. The items that are truly current assets are cash and equivalents and inventory.

5. A recommended practice to detect expense reimbursement schemes is to compare current period expenses to both historical expenditure amounts and budgeted expense amounts.

A. True

B. False

C. Not always

D. Sometimes

Using variance analysis to detect expense reimbursement schemes involves comparing actual expenses to both historical patterns and budgeted amounts. By checking current period expenses against historical spend, you can spot anomalies such as sudden spikes, new vendors, or unusual frequencies that don't align with past behavior. Comparing to the budgeted amounts adds a planning dimension, highlighting any expenditures that exceed approved limits or fall outside what was authorized. Together, these comparisons provide a clearer view of inconsistencies: the historical comparison flags unusual trends, while the budget comparison flags deviations from policy or approved plans. This dual approach strengthens the ability to identify potential fraud or noncompliance in expense reimbursements.

6. _____ is the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users.

A. Financial statement fraud

B. Material misstatement

C. Accounting fraud

D. Occupational fraud

Deliberate misrepresentation of a company's financial condition through intentional misstatements or omissions in the financial statements to deceive users is financial statement fraud. The crucial element is intent to deceive; if the misstatement happens by mistake, it wouldn't be fraud. Material misstatement can be due to error or fraud and doesn't by itself imply intentional deception. Accounting fraud is a closely related term, but financial statement fraud is the precise label for misstatements or omissions in financial reports aimed at misleading users. Occupational fraud covers fraud in the workplace more broadly, and while financial statement fraud is one form, the description here is specifically about misreporting financial statements.

7. Which of the following is NOT a common method for concealing liabilities and expenses?

A. Omitting liabilities and/or expenses

B. Improperly capitalizing costs

C. Failing to disclose warranty costs and product-return liabilities

D. Recording gains from asset sales

Concealing liabilities and expenses involves manipulating financial statements to hide obligations or misstate costs. Omitting liabilities and/or expenses directly hides what the company owes, making this a clear concealment tactic. Improperly capitalizing costs defers recognizing expenses by recording them as assets, which hides the true cost in the current period. Failing to disclose warranty costs and product-return liabilities hides future obligations that could affect the company's finances. Recording gains from asset sales, however, is about recognizing proceeds from disposing assets as gains and does not serve to hide liabilities or expenses; it changes reported income rather than masking obligations, so it's not a typical method used to conceal such items.

8. Lindsey, a medical provider, makes monetary payments to existing patients and other providers for referring new patients. What is this scheme called?

A. Beneficiary fraud

B. Deductible forfeiture

C. Fictitious services

D. Kickback

The main idea here is illegal compensation to influence referrals. In healthcare, paying someone to steer patients to a particular provider or facility is called a kickback. This scheme matches that term because the provider is giving money to existing patients and other providers specifically to obtain new patient referrals, creating a financial incentive to refer. Such payments are governed by anti-kickback laws in the United States, which prohibit knowingly offering or receiving remuneration to induce referrals for items or services reimbursed by federal health programs, with serious penalties for violations. The other terms describe different fraud scenarios that don't involve paying for referrals: beneficiary fraud involves manipulating benefits for personal gain, deductible forfeiture concerns failing to cover a deductible, and fictitious services involve billing for services never performed. Kickbacks directly target referrals and are the classic example of this improper scheme.

9. What term describes potential obligations that will materialize only if certain events occur, such as a corporate guarantee or ongoing litigation?

A. Contingent liabilities

B. Loan covenants

C. Current liabilities

D. Revenue recognition

Contingent liabilities describe obligations that will arise only if certain events occur. A corporate guarantee is a potential obligation for the guarantor if the subsidiary defaults, and ongoing litigation is a potential liability that depends on the outcome of the suit. These are not present obligations today and aren't always recognized on the balance sheet; instead, they are disclosed because their realization depends on future events. This distinguishes them from current liabilities (obligations due regardless of any future event), loan covenants (contractual conditions in a loan agreement), and revenue recognition (when revenue is recorded).

10. A common red flag of brokered loan fraud includes which of the following?

A. Low brokerage fee and broker still in business

B. Normal underwriting and standard fees

C. No broker involvement

D. High brokerage fee and broker no longer in business

In brokered loan fraud, a telltale sign is an unusually high upfront brokerage fee paired with the broker disappearing or being no longer in business. That combination suggests the borrower paid money for something that isn't going to materialize—often before any legitimate underwriting or closing can occur. Legitimate brokered deals involve reasonable, disclosed fees and a reachable, operating broker, with underwriting proceeding normally. Other scenarios—like a low broker fee with the broker still in business, normal underwriting with standard fees, or no broker involvement—fit typical lending processes and don't inherently indicate 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://coachcfe.examzify.com

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