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PRACTICE QUESTIONS

Association of Certified Fraud Examiners (ACFE)

FSFCE

CFE Exam - Fraud Schemes and Financial Crimes

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Association of Certified Fraud Examiners (ACFE) **FSFCE**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **FSFCE**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 SINGLE CHOICE

According to ACFE research, which element of the fraud triangle represents the personal incentive that drives an individual to commit occupational fraud?

- ☐ A Opportunity
- ☐ B Rationalization
- ☒ C Pressure (or incentive)
- ☐ D Collusion

ANSWER C

WHY The classic fraud triangle consists of three elements: pressure (also called incentive), opportunity, and rationalization. Pressure represents the personal motive — such as financial need, addiction, or lifestyle pressure — that motivates a person to commit fraud. Opportunity is the ability to carry it out, and rationalization is the internal justification the perpetrator uses.

QUESTION 2 SINGLE CHOICE

A controller regularly issues checks to a fictitious vendor and then deposits the canceled checks into a personal bank account. Which category of asset misappropriation does this scheme represent?

- ☐ A Cash larceny
- ☐ B Check tampering
- ☒ C Fictitious vendor schemes fall under the billing scheme category of asset misappropriation
- ☐ D Skimming

ANSWER C

WHY Creating a fictitious vendor and submitting invoices for payment is a billing scheme, which is one of the two main categories of non-cash asset misappropriation schemes (along with payroll schemes). The check is simply the method of disbursement; the underlying scheme category is defined by the falsification of the payee — in this case, a vendor that does not actually exist.

QUESTION 3

SINGLE CHOICE

Which of the following best distinguishes skimming from cash larceny?

- ☒ **A** Skimming involves the theft of incoming cash before it is recorded, while cash larceny involves the theft of cash after it has been recorded in the books
- ☐ **B** Skimming requires collusion between employees, while cash larceny is committed by a single individual
- ☐ **C** Skimming is always detected through bank reconciliations, while cash larceny is not
- ☐ **D** Cash larceny only occurs at the point of sale, while skimming occurs at the bank deposit stage

ANSWER A

WHY The defining distinction between skimming and cash larceny relates to whether the cash has been recorded in the accounting records. Skimming is the theft of cash receipts before they are entered into the books, while cash larceny is the theft of cash that has already been recorded on the books. Neither scheme requires collusion by definition, and both can be detected through various control procedures.

QUESTION 4

SINGLE CHOICE

Which concealment technique is most commonly associated with fictitious revenue schemes in financial statement fraud?

- ☐ **A** Recording sales returns in a subsequent period to reverse the entry
- ☒ **B** Creating fictitious customers or recording sales to real customers without their knowledge
- ☐ **C** Increasing the allowance for doubtful accounts to offset the bogus revenue
- ☐ **D** Capitalizing operating expenses as assets to inflate future earnings

ANSWER B

WHY Fictitious revenue schemes typically involve recording sales that never occurred — either by inventing fake customers or by booking shipments to legitimate customers without their authorization (often near period-end with terms that permit return). Capitalizing expenses is an improper asset scheme, and the other distractors do not accurately describe typical fictitious revenue concealment methods.

QUESTION 5

SINGLE CHOICE

A purchasing agent accepts payments from a supplier in exchange for awarding contracts without competitive bidding. Which category of corruption scheme is this an example of?

- ☐ A Bribery
- ☐ B Conflict of interest
- ☒ C Economic extortion
- ☐ D Illegal gratuity

ANSWER C

WHY This scenario describes economic extortion, where an employee demands payment from a vendor as a condition of doing business, typically because the employee holds a position that can influence whether the vendor receives work. In a bribery scheme, the vendor offers payment voluntarily to obtain favorable treatment. In a conflict of interest, the employee has an undisclosed economic interest in the transaction. An illegal gratuity is given after the act to reward a decision already made.

QUESTION 6

SINGLE CHOICE

An accounts payable clerk intercepts an outgoing vendor check, alters the payee name, and indorses the check over to a relative. Which check-tampering concealment method is being used?

- ☐ A Forged endorsements
- ☒ B Check alteration
- ☐ C Disbursement of company funds to employees
- ☐ D Concealment through purchase account manipulation

ANSWER B

WHY The ACFE identifies three primary check-tampering concealment methods: (1) forged endorsements, (2) altered payees (check alteration), and (3) disbursements to employees or fictitious employees. Changing the name of the legitimate payee on the check after it is drawn is the textbook example of check alteration. The forger then indorses the check to a third party to attempt to convert it.

QUESTION 7

SINGLE CHOICE

An employee submits duplicate invoices — one already paid and one resubmitted with a modified invoice number — to obtain a second payment from the company. Which fraudulent disbursement scheme is this?

- ☐ A Payroll scheme — ghost employee
- ☒ B Billing scheme — duplicate submission
- ☐ C Expense reimbursement scheme
- ☐ D Check tampering — altered payee

ANSWER B

WHY Submitting a duplicate invoice to obtain payment a second time is a type of billing scheme called duplicate submissions. It is one of the common billing scheme concealment methods alongside shell companies, fictitious vendors, and pay-and-return schemes. Ghost employees relate to payroll fraud, not invoicing.

QUESTION 8

MULTIPLE CHOICE

Which of the following are recognized types of conflict-of-interest corruption schemes? (Choose two.)

- ☐ A Purchasing fraud
- ☒ B Sales schemes
- ☒ C Diversion of business opportunities
- ☐ D Bribery of foreign officials
- ☐ E Acceptance of gifts to influence a procurement decision

ANSWER B - C

WHY The ACFE identifies four main types of conflict-of-interest schemes: (1) purchasing fraud, (2) sales schemes, (3) diversion of business opportunities, and (4) multiple employment schemes. Acceptance of gifts to influence a procurement decision is a bribery scheme, and bribery of foreign officials relates to corruption under the FCPA rather than a conflict of interest.

QUESTION 9

MULTIPLE CHOICE

Which of the following are recognized stages in the money laundering process? (Choose two.)

- ☒ **A** Placement
- ☒ **B** Layering
- ☐ **C** Integration
- ☐ **D** Diversion
- ☐ **E** Conversion

ANSWER **A - B**

WHY The traditional three-stage model of money laundering consists of placement, layering, and integration. Placement is introducing illicit funds into the financial system; layering involves complex transactions to obscure the audit trail; and integration returns the laundered funds to the perpetrator as apparently legitimate income. 'Diversion' and 'conversion' are not formal stages of the money laundering process.