CERTIFIED DEFENSE FINANCIAL MANAGER (CDFM) EXAM 1 PRACTICE (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.

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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!

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Questions

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1. What is the term for the internal review of budget submissions from the Services and Defense Agencies that occurs with the OSD and senior OMB examiners from September to December?

A. Fall Review

B. Winter Audit

C. Spring Assessment

D. Summer Review

2. A no-year appropriation closes after no disbursement for how many complete fiscal years?

A. 1

B. 2

C. 3

D. 4

3. O&M funding covers which of the following functions?

A. Construction

B. Operations and Maintenance

C. Procurement

D. Personnel

4. A correlation of 1 indicates what?

A. A perfect correlation

B. No correlation

C. A negative correlation

D. A weak correlation

5. In __ type audits, objectives are defined by the audit organization and may differ from audit to audit?

A. Financial

B. Compliance

C. Reliability

D. Performance

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6. Earned Value Management (EVM) is used for what?

A. Negotiating prices

B. Scheduling a project

C. Auditing compliance

D. Measuring contractor performance

7. BRAC-ed land may be sold. Which option correctly states this?

A. Not allowed to be sold

B. BRAC-ed land can be sold

C. Only after installation commander consent

D. Must be leased before sale

8. The Debt Collection Improvement Act of 1996 required what?

A. EFT for all Vendors

B. On-site cash handling

C. Delayed payments up to 30 days

D. No vendor payments by electronic means

9. A Detail lasts up to one year in increments of how many days?

A. 90 days

B. 180 days

C. 120 days

D. 365 days

10. For a within-scope change that produces a greater funding requirement, from which year will funds be drawn to meet the increased requirement?

A. Current Year of Change

B. Award Year

C. Previous Year

D. Following Year

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Answers

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

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Explanations

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1. What is the term for the internal review of budget submissions from the Services and Defense Agencies that occurs with the OSD and senior OMB examiners from September to December?

A. Fall Review

B. Winter Audit

C. Spring Assessment

D. Summer Review

Fall Review is the term for this step. In the PPBE process, the Office of the Secretary of Defense budget staff, together with senior OMB examiners, sit down from September through December to scrutinize the Services' and Defense Agencies' budget submissions. They question assumptions, trade programs, and tighten the plans to ensure the proposals fit defense priorities and fiscal guidance. This review sets the stage for revisions and guidance that shape the next budgeting cycle. The other options don't align with the DoD budgeting terminology or the September–December timeframe.

2. A no-year appropriation closes after no disbursement for how many complete fiscal years?

A. 1

B. 2

C. 3

D. 4

Two complete fiscal years of no disbursement triggers the closeout of a no-year appropriation. No-year means funds stay available indefinitely for obligations, but to prevent stagnant balances, an unused no-year appropriation is closed after two fiscal years with no disbursement. Once closed, no new obligations can be incurred against that appropriation, and any unobligated balance is canceled and returned per regulations. So after two years of inactivity, the appropriation ends; one year, three years, or four years do not match this rule.

3. O&M funding covers which of the following functions?

A. Construction

B. Operations and Maintenance

C. Procurement

D. Personnel

O&M funding is for the ongoing costs to run programs and keep assets in working condition. It covers day-to-day operations, routine maintenance and repairs, utilities, contracted services, and supplies needed to support activities. Major construction projects are funded separately, as are large equipment purchases (procurement) and payroll under military or civilian personnel appropriations. Because it focuses on keeping programs operational and assets maintained, the function funded by this category is Operations and Maintenance.

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4. A correlation of 1 indicates what?

A. A perfect correlation

B. No correlation

C. A negative correlation

D. A weak correlation

A correlation coefficient of 1 signals a perfect positive linear relationship between the two variables. This means every data point lies exactly on a straight line with a positive slope, so as one variable increases, the other increases in perfect proportion. In practical terms, you could predict the second variable from the first with 100% accuracy in the linear sense, with no scatter around the line. The correlation value ranges from -1 to +1, so +1 is the strongest possible positive relationship, while 0 indicates no linear relationship and -1 indicates a perfect negative linear relationship. If the relationship isn't perfectly linear, the magnitude would be less than 1.

5. In __ type audits, objectives are defined by the audit organization and may differ from audit to audit?

A. Financial

B. Compliance

C. Reliability

D. Performance

In performance-type audits, the objectives are defined by the audit organization and can differ from one audit to another. These audits focus on evaluating how well programs or operations achieve their goals, looking at economy, efficiency, and effectiveness. Because the auditor determines the questions to ask and the specific performance issues to evaluate, the objectives are flexible and tailored to each audit's purpose. In contrast, financial audits follow established accounting standards and focus on whether financial statements are presented fairly; compliance audits check adherence to laws and regulations with objectives tied to those requirements. Reliability concerns relate to the trustworthiness of information, not a separate audit type. So the best fit for the idea that objectives are set by the audit organization and may vary by audit is the performance-type audit.

6. Earned Value Management (EVM) is used for what?

A. Negotiating prices

B. Scheduling a project

C. Auditing compliance

D. Measuring contractor performance

Earned Value Management is about tracking project performance by integrating scope, schedule, and cost to see how much value of work has actually been earned compared to what was planned and what was spent. The key idea is to measure contractor performance through this integrated view, using metrics like earned value, actual cost, and planned value to produce indicators (CPI and SPI) and forecasts that reveal how efficiently resources are being used and whether the project is on track. This lets managers detect cost overruns or schedule slippage early and take corrective actions to keep the contract or project progressing toward its targets. It's not primarily a tool for negotiating prices, scheduling a project by itself, or conducting audits; those are handled by other processes, whereas EVM specifically quantifies performance against the plan.

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7. BRAC-ed land may be sold. Which option correctly states this?

A. Not allowed to be sold

B. BRAC-ed land can be sold

C. Only after installation commander consent

D. Must be leased before sale

BRAC-ed land becomes surplus property under the Base Realignment and Closure disposal program. Once land is designated surplus, it may be disposed of through approved methods, including sale, to best support the department's realignment and closure objectives. This means selling BRAC land is permitted and is a common outcome of the BRAC process. There's no requirement to obtain installation commander consent for the sale, nor is leasing first a prerequisite for disposing of the property. The disposal process is carried out under established guidelines, often involving competitive sale and environmental due diligence, with proceeds typically returned to the department.

8. The Debt Collection Improvement Act of 1996 required what?

A. EFT for all Vendors

B. On-site cash handling

C. Delayed payments up to 30 days

D. No vendor payments by electronic means

Moving vendor payments to electronic funds transfer is what the Debt Collection Improvement Act of 1996 emphasizes. The Act required federal agencies to disburse payments to vendors electronically, through the government's EFT network, instead of mainly issuing paper checks. This shift speeds up payments, reduces the costs and errors associated with check processing, and helps standardize funds flow across agencies. It also strengthens financial control and accountability by ensuring timely, trackable transfers into vendors' bank accounts. The other options don't fit this goal: handling cash on site isn't part of the act's modernization push; delaying payments by up to 30 days would defeat the purpose of speeding and smoothing cash flows; and forbidding electronic payments contradicts the very objective of moving to a centralized, electronic disbursement system.

9. A Detail lasts up to one year in increments of how many days?

A. 90 days

B. 180 days

C. 120 days

D. 365 days

A detail is a temporary assignment that can run for up to one year, with any extensions done in fixed blocks of 120 days. Using 120-day increments provides regular, predictable review points for performance, budgeting, and administrative oversight while preventing the arrangement from drifting into longer, less controllable periods. The other options don't fit because 90 days would create too many renewals and insufficient time for meaningful work, 180 days would shorten the cadence of reviews and risk misaligning with the one-year cap when extended, and 365 days is the total duration, not the extension increment. So the standard extension period is 120 days.

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10. For a within-scope change that produces a greater funding requirement, from which year will funds be drawn to meet the increased requirement?

A. Current Year of Change

B. Award Year

C. Previous Year

D. Following Year

When a change remains within the contract's scope but increases the funding needed, the funds come from the award year. This keeps the modification tied to the original appropriation that financed the award, ensuring proper use of the same fiscal-year funds and avoiding mixing funds from other years. Using current-year, previous-year, or following-year funds would require separate funding actions or new appropriations, which isn't how within-scope changes are funded.

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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://cdfm1.examzify.com

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

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