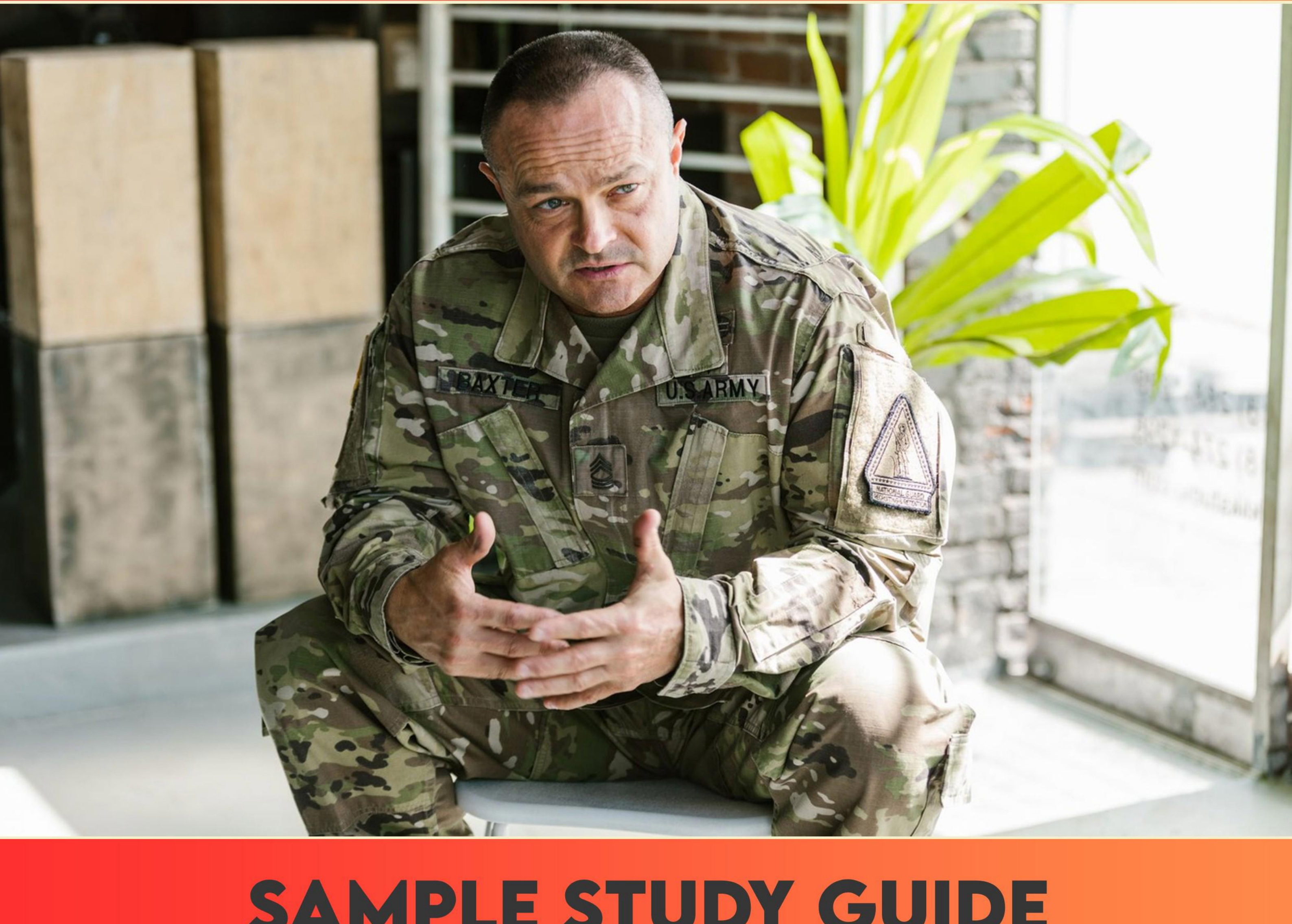
CERTIFIED DEFENSE FINANCIAL MANAGER (CDFM) EXAM 1 PRACTICE (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

Table of Contents

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. Spending that is controlled by laws other than appropriations acts (including entitlement programs and the food stamp program) is known as?

A. Direct (Mandatory) Spending

B. Mandatory Spending

C. Discretionary Spending

D. Revenue

2. True or False: All data in the three federal financial reports are presented for past and current years.

A. True

B. False

C. Not Sure

D. N/A

3. By law, who does SECDEF submit the QDR to?

A. The President

B. The Joint Chiefs of Staff

C. Congressional Budget Office

D. Congress

4. In which phase are monetary and non-monetary benefits identified?

A. PLANNING phase

B. AUDIT phase

C. REVIEW phase

D. REPORTING phase

5. Intent is considered in determining whether an ADA took place.

A. True

B. False

C. Not specified

D. Sometimes

6. Which cost estimating approach involves collecting expert opinion and redistributing it through several iterations?

A. A single expert estimate

B. Historical data is used

C. Where expert opinion is collected, summarized and redistributed through several iterations

D. A purely engineering calculation

7. Which act requires affirmative action plans in federal programs?

A. 1972 EEO Act.

B. 1991 Civil Rights Act.

C. DOPMA.

D. Federal Managers' Financial Integrity Act.

8. MILCON falls under which type of appropriation?

A. Investment

B. Expense

C. Revenue

D. Operating

9. Who is responsible for developing affirmative action programs?

A. Agency level.

B. Individual supervisors.

C. Congress.

D. State governments.

10. What is the difference between Cost Avoidance and Cost Savings?

A. Cost Avoidance reduces current cash outlays; Cost Savings reduces potential future requirements

B. Cost Avoidance and Cost Savings are interchangeable terms

C. Cost Avoidance reduces a future anticipated requirement; Cost Savings reduces an already approved program

D. Cost Avoidance increases an already approved program; Cost Savings increases a future requirement

Answers

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

Explanations

1. **Spending that is controlled by laws other than appropriations acts (including entitlement programs and the food stamp program) is known as?**

   A. Direct (Mandatory) Spending

   B. Mandatory Spending

   C. Discretionary Spending

   D. Revenue

Spending controlled by laws other than appropriations acts is spending that is mandated by statute rather than decided each year through the appropriations process. Entitlement programs like Social Security, Medicare, Medicaid, and SNAP operate under formulas and eligibility rules set by law, so benefits are paid automatically as those laws dictate. That's why this is called mandatory spending—the spending happens by statute, not by annual funding bills. Discretionary spending, in contrast, is determined through yearly appropriations acts, and revenue is the government's income, not a type of spending. While some materials may use the term Direct (Mandatory) Spending, the standard label here is mandatory spending.

2. **True or False: All data in the three federal financial reports are presented for past and current years.**

   A. True

   B. False

   C. Not Sure

   D. N/A

Two-year comparatives are built into the federal financial reports. Each of the three main statements presents figures for the current fiscal year alongside the prior year, so readers can see how financial position and costs have changed over time. This setup supports trend analysis, accountability, and informed decision-making. Notes may include additional historical data, but the primary presentation emphasizes the current year and the immediately preceding year. Therefore, the statement that all data are presented for past and current years is correct.

3. **By law, who does SECDEF submit the QDR to?**

   A. The President

   B. The Joint Chiefs of Staff

   C. Congressional Budget Office

   D. Congress

The key idea here is how defense planning is overseen by lawmakers. The Quadrennial Defense Review is a legally required, long-range assessment of defense strategy, forces, and resource needs meant to inform Congress about the department's direction for roughly the next two decades. By law, the Secretary of Defense must submit this review to Congress so lawmakers have a direct, official view of plans and priorities to guide oversight, authorization, and budgeting. Briefings to the President or to the Joint Chiefs of Staff happen as part of the process, but the formal submission is to Congress. The Congressional Budget Office may analyze the implications, but it is Congress—the legislative branch—that is the designated recipient. This structure ensures congressional oversight and alignment between strategic planning and budget decisions.

4. In which phase are monetary and non-monetary benefits identified?

A. PLANNING phase

B. AUDIT phase

C. REVIEW phase

D. REPORTING phase

In the Reporting phase, results are compiled and communicated to leadership and stakeholders, and this is where benefits are identified and documented. You capture both monetary benefits (like cost savings, avoidances, or revenue increases) and non-monetary benefits (such as improved mission capability, risk reduction, or stakeholder satisfaction) so the program's value is clearly demonstrated. This phase provides the evidence needed for evaluation, accountability, and informed decision-making, showing what was achieved and how it aligns with objectives. Other phases focus on planning, execution, or validation, while the formal identification and presentation of these benefits for decision support happens during reporting.

5. Intent is considered in determining whether an ADA took place.

A. True

B. False

C. Not specified

D. Sometimes

Disability discrimination under the ADA is judged by the effect of the action or policy on people with disabilities, not the person's intent. The ADA prohibits discrimination and requires reasonable accommodations or access, so a policy can violate the law through discriminatory impact even if no one meant to discriminate. For example, a facility with architectural barriers or a workplace policy that blocks reasonable accommodations can be liable regardless of management's intentions. While intent might matter in some defenses or nuances, it is not what determines a violation; the outcome for people with disabilities does.

6. Which cost estimating approach involves collecting expert opinion and redistributing it through several iterations?

A. A single expert estimate

B. Historical data is used

C. Where expert opinion is collected, summarized and redistributed through several iterations

D. A purely engineering calculation

Iterative expert judgment uses structured rounds of input from subject matter experts, with each round's results collected, summarized, and redistributed back to the group for another pass. This feedback loop continues through several iterations, helping the team converge on a more reliable estimate by combining diverse expertise and reducing individual biases. This approach is especially valuable when hard data is scarce or uncertain, so expert insights can guide the estimation process and be refined until consensus emerges. A single expert estimate lacks that iterative refinement, relying on one person's judgment. Historical data focuses on past results rather than current expert input, and a purely engineering calculation depends on technical modeling rather than iterative consensus from experts.

7. Which act requires affirmative action plans in federal programs?

A. 1972 EEO Act.

B. 1991 Civil Rights Act.

C. DOPMA.

D. Federal Managers' Financial Integrity Act.

The main idea here is what legal requirement drives the use of affirmative action plans in federal programs. The Equal Employment Opportunity Act of 1972 strengthened enforcement of equal employment opportunity and directed federal agencies to pursue proactive steps to achieve that goal. It expanded the powers of the Equal Employment Opportunity Commission and encouraged agencies to adopt written affirmative action plans aimed at correcting underrepresentation and promoting equal opportunity in the workforce. These plans typically outline specific goals, timelines, and concrete actions such as targeted recruitment, training, and outreach to underrepresented groups. The other acts address different areas: the Civil Rights Act of 1991 focuses on remedies and enforcement mechanisms for discrimination rather than mandating affirmative action plans in federal programs; the Defense Officer Personnel Management Act deals with officer career management in the military; and the Federal Managers' Financial Integrity Act concerns internal controls over financial management.

8. MILCON falls under which type of appropriation?

A. Investment

B. Expense

C. Revenue

D. Operating

MILCON is a capital investment because it funds the construction of long lived facilities that become part of the military's fixed assets. When you construct buildings or infrastructure, you're creating a asset with a useful life extending well beyond the current year, so the outlay is recorded as a capital outlay (an investment) rather than as an operating expense. This distinguishes it from ongoing operating costs or routine expenses funded by other budget lines, and it isn't revenue, which is money coming into the government.

9. Who is responsible for developing affirmative action programs?

A. Agency level.

B. Individual supervisors.

C. Congress.

D. State governments.

Affirmative action programs are created at the agency level because they must be tailored to the specific workforce, mission, and needs of each agency within the framework of federal laws and executive directives. An agency's human resources or equal employment opportunity office analyzes the current makeup of the workforce, identifies gaps or problem areas, and then develops concrete goals and actions—such as targeted recruiting, outreach to underrepresented groups, mentoring, training, and clear promotion pathways. These plans are then reviewed and approved by agency leadership and monitored over time to ensure progress. Congress establishes the legal authority and framework for affirmative action, and state governments handle their own programs, but the actual development and implementation of a federal agency's affirmative action plan reside with the agency itself. Individual supervisors carry out day-to-day actions, but they aren't the ones who craft the comprehensive program.

10. What is the difference between Cost Avoidance and Cost Savings?

A. Cost Avoidance reduces current cash outlays; Cost Savings reduces potential future requirements

B. Cost Avoidance and Cost Savings are interchangeable terms

C. Cost Avoidance reduces a future anticipated requirement; Cost Savings reduces an already approved program

D. Cost Avoidance increases an already approved program; Cost Savings increases a future requirement

The main idea is distinguishing when costs are prevented versus when costs are reduced within an already funded effort. Cost avoidance focuses on preventing future spending by changing plans so that future requirements aren't needed. It lowers what you would have to budget for in the future. Cost savings, in contrast, comes from reducing the cost of something that is already approved or funded—it's about getting less out of an ongoing, authorized program. So the best pairing is that Cost Avoidance reduces a future anticipated requirement, while Cost Savings reduces an already approved program. For example, selecting a cheaper design now to avoid future procurement costs is cost avoidance. Negotiating a better contract or finding efficiencies in a currently funded program is cost savings. Other descriptions mix up timing or program status or Treat the terms as interchangeable, which doesn't reflect how they're used in budgeting.

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!