

GFEBBS Debt Management Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. What does "Debt Forgiveness" mean within GFEBS?**
 - A. Revising the debt amount downward.**
 - B. Waiving the obligation to repay a debt under specific conditions.**
 - C. Transferring the debt to a different agency.**
 - D. Allowing a delay in payment without penalty.**
- 2. Which debts are required to file a 1099-C with the IRS?**
 - A. Only debts below \$200**
 - B. All closed out debts**
 - C. Debts of \$600 or more**
 - D. Only debts that are determined as CNC**
- 3. What is a potential consequence of not informing an employee about salary offsets?**
 - A. They may not be allowed to appeal**
 - B. They might be unaware of their rights**
 - C. They can incur additional fees**
 - D. They may lose their job**
- 4. What might a notification from GFEBS indicate regarding overdue debts?**
 - A. A new credit extension opportunity**
 - B. An urgent action is required for debt resolution**
 - C. A reduction in loan terms**
 - D. A shift in financial policies**
- 5. What report is generated for outstanding debts in GFEBS?**
 - A. Cash Flow Summary Report**
 - B. Accounts Receivable Aging Report**
 - C. Budget Execution Report**
 - D. Financial Forecast Report**

- 6. Who ultimately processes requests for installment plans?**
- A. Debt Collection Agencies**
 - B. The Customer Service Representatives**
 - C. Defense Finance and Accounting Services (DFAS)**
 - D. The Department of Justice**
- 7. What type of information does GFEBS send in outbound files to the U.S. Treasury?**
- A. Updated regulations and manuals**
 - B. Updates for customer master records and new accounts receivable records**
 - C. Annual budget reports**
 - D. Tax compliance documents**
- 8. Which agency is responsible for collecting delinquent debts across the government?**
- A. The Department of Justice**
 - B. The Federal Trade Commission**
 - C. The U.S. Treasury**
 - D. The General Accounting Office**
- 9. What is the function of the Debt Interface Monitor?**
- A. To approve all debt referrals**
 - B. To review errors received in the inbound file transmission**
 - C. To create the debt collection strategy**
 - D. To summarize debt collection reports**
- 10. What type of debts does GFEBS Debt Management typically handle?**
- A. Operational expenses and capital investments**
 - B. Overpayments, erroneous payments, and fines**
 - C. Loan repayments and interest expenses**
 - D. Contractual obligations and lease payments**

Answers

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

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Explanations

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1. What does "Debt Forgiveness" mean within GFEBS?

- A. Revising the debt amount downward.
- B. Waiving the obligation to repay a debt under specific conditions.**
- C. Transferring the debt to a different agency.
- D. Allowing a delay in payment without penalty.

"Debt Forgiveness" in GFEBS refers to waiving the obligation to repay a debt under specific conditions. This means that the debtor is relieved from the responsibility of paying back the full amount owed, often as part of a formal agreement or due to certain circumstances that meet criteria established by the governing financial regulations. Understanding this concept is crucial, as it can significantly impact a financial institution's or agency's balance sheet. Debt forgiveness may occur in various scenarios, such as a borrower facing severe financial hardship, where the creditor may decide that forgiving the debt is more beneficial than pursuing collection. In GFEBS, recognizing when debt forgiveness is applicable can help in managing and reporting debts accurately within the system's framework. The other options refer to different financial maneuvers: revising the debt amount downward involves altering the total debt figure; transferring the debt to a different agency pertains to changing the responsibility for that debt; and allowing a delay in payment without penalty relates to payment deferral. While each of these actions has its own context and implications, they do not encapsulate the principal idea of debt forgiveness as defined in GFEBS.

2. Which debts are required to file a 1099-C with the IRS?

- A. Only debts below \$200
- B. All closed out debts
- C. Debts of \$600 or more**
- D. Only debts that are determined as CNC

The requirement to file a 1099-C with the IRS applies specifically to debts that are forgiven or canceled, which typically includes debts that total \$600 or more. This threshold is significant because it is the minimum amount that triggers the requirement for creditors to report the cancellation of debt to both the debtor and the IRS. When a debt is canceled, the amount that has been forgiven may be considered taxable income for the debtor, hence the need for the form. Debts below the specified threshold, those that may not have been officially closed or written off, and those that are categorized differently, such as "currently not collectible" (CNC), do not meet the criteria for 1099-C filing. Understanding this threshold and requirement is critical for ensuring proper tax reporting and compliance with IRS regulations regarding canceled debt.

3. What is a potential consequence of not informing an employee about salary offsets?

- A. They may not be allowed to appeal
- B. They might be unaware of their rights**
- C. They can incur additional fees
- D. They may lose their job

Choosing to not inform an employee about salary offsets can lead to the employee being unaware of their rights. This means they may not understand the process, the reasons for potential offsets, or their options for addressing them. Employees have a right to be informed about any deductions from their salary, including the rationale behind such actions and the procedures available for disputing them. Without this crucial information, employees may feel powerless to take any action or respond appropriately, which can lead to further complications and misunderstandings regarding their pay and benefits. Being made aware of their rights is essential for ensuring that employees can navigate their financial situations effectively and make informed decisions.

4. What might a notification from GFEBS indicate regarding overdue debts?

- A. A new credit extension opportunity
- B. An urgent action is required for debt resolution**
- C. A reduction in loan terms
- D. A shift in financial policies

A notification from GFEBS indicating overdue debts typically signifies that there is an urgent need to address the outstanding obligations. This urgency stems from the implications of overdue debts, such as potential penalties, impacts on credit ratings, or operational disruptions. The notification serves as a signal for the responsible parties to take immediate steps to resolve the debt, whether through payment, negotiation of terms, or other remedial actions to ensure compliance and maintain financial health. The focus on urgency is crucial because it affects cash flow and can lead to more serious financial consequences if not addressed promptly. Thus, this option aligns perfectly with the role of notifications in debt management, emphasizing the need for prompt action to mitigate risks associated with overdue obligations.

5. What report is generated for outstanding debts in GFEBS?

- A. Cash Flow Summary Report
- B. Accounts Receivable Aging Report**
- C. Budget Execution Report
- D. Financial Forecast Report

The correct report for outstanding debts in GFEBS is the Accounts Receivable Aging Report. This report specifically focuses on the status of accounts receivable, detailing how long debts have been outstanding and categorizing them based on the length of time they have remained unpaid. It is essential for debt management as it allows organizations to identify overdue accounts, prioritize collections, and manage cash flow more effectively. By tracking accounts receivable through this report, organizations can maintain a clear understanding of their financial health and address potential cash flow issues stemming from outstanding debts. This aids in strategic planning and decision-making related to collections and credit management. In contrast, the other reports serve different purposes. The Cash Flow Summary Report provides an overview of the cash inflows and outflows, while the Budget Execution Report focuses on how budgeted resources are allocated and spent. The Financial Forecast Report provides projections based on historical data and trends, but does not specifically address outstanding debts. Thus, the Accounts Receivable Aging Report is the tool specifically designed to manage and monitor outstanding debts effectively.

6. Who ultimately processes requests for installment plans?

- A. Debt Collection Agencies
- B. The Customer Service Representatives
- C. Defense Finance and Accounting Services (DFAS)**
- D. The Department of Justice

The correct choice is Defense Finance and Accounting Services (DFAS) because DFAS is responsible for the management and processing of financial transactions related to debt collection and repayment plans within the Department of Defense. They handle the accounting, payment processing, and administrative functions necessary to establish and maintain installment plans for debts owed to the government. DFAS operates as a separate entity that specializes in managing all financial operations, ensuring that payment plans comply with federal regulations and policies. Their role involves assessing the customer's financial situation and determining viable repayment options based on established guidelines. While customer service representatives may assist in addressing inquiries and guiding individuals through the process, they do not have the authority to finalize or process these financial arrangements. Similarly, debt collection agencies may engage in collecting debts but typically do not establish installment plans directly; their focus is more on recovery efforts. The Department of Justice, on the other hand, is involved in legal actions and enforcement related to debt but does not directly manage the processing of installment payment requests.

7. What type of information does GFEBS send in outbound files to the U.S. Treasury?

- A. Updated regulations and manuals**
- B. Updates for customer master records and new accounts receivable records**
- C. Annual budget reports**
- D. Tax compliance documents**

The correct choice reflects the specific function of GFEBS (General Fund Enterprise Business System) in relation to financial management and reporting. GFEBS is responsible for maintaining up-to-date financial records and ensuring accurate data flow between the military and the U.S. Treasury. Outbound files typically comprise crucial updates regarding customer master records, which include details like payee information, and new accounts receivable records, essential for ensuring accurate tracking of debts and other financial obligations. This regular transmission of updated records is critical for maintaining the integrity of financial data used by the U.S. Treasury to manage federal funds efficiently. Accurate customer master records and accounts receivable are vital for not only ensuring compliance with financial regulations but also for enhancing the overall accountability of financial transactions within the federal system. Other options such as updated regulations and manuals, annual budget reports, and tax compliance documents, while important in their own right, do not align with the primary outbound data flows that GFEBS manages to the U.S. Treasury, which are focused on live financial information rather than regulatory updates or yearly assessments.

8. Which agency is responsible for collecting delinquent debts across the government?

- A. The Department of Justice**
- B. The Federal Trade Commission**
- C. The U.S. Treasury**
- D. The General Accounting Office**

The U.S. Treasury is the agency responsible for collecting delinquent debts across the government because it manages federal finances and is tasked with ensuring that federal debts are collected in an efficient and effective manner. The Treasury's Debt Management Services engages in various activities related to debt collection, including issuing notifications of debt and employing various methods to recover outstanding payments. This function is crucial for maintaining the government's financial health and upholding the integrity of public funds. This role is allocated to the U.S. Treasury over other agencies because of its central position in managing federal financial transactions and its expertise in handling monetary policies and debt recovery processes. Other agencies, like the Department of Justice, assist with legal aspects of debt collection, but the Treasury is ultimately responsible for the collection of delinquent debts on a broader scale.

9. What is the function of the Debt Interface Monitor?

- A. To approve all debt referrals
- B. To review errors received in the inbound file transmission**
- C. To create the debt collection strategy
- D. To summarize debt collection reports

The function of the Debt Interface Monitor centers around the critical task of ensuring the accuracy and integrity of data transmitted into the system. By reviewing errors received in the inbound file transmission, the monitor effectively identifies discrepancies or issues that may arise when debt data is imported. This review process is essential for maintaining the reliability of the debt management system, as it helps to ensure that any erroneous entries are addressed promptly, allowing for effective tracking and management of debts. By resolving these errors before they can affect further processes within the debt management workflow, the monitor plays a pivotal role in safeguarding the quality of data, which is crucial for informed decision-making and reporting in debt management practices. This function supports the overall objectives of the system by enhancing operational efficiency and ensuring proper compliance with debt management protocols.

10. What type of debts does GFEBS Debt Management typically handle?

- A. Operational expenses and capital investments
- B. Overpayments, erroneous payments, and fines**
- C. Loan repayments and interest expenses
- D. Contractual obligations and lease payments

GFEBS Debt Management primarily focuses on handling overpayments, erroneous payments, and fines. This is crucial for maintaining the integrity of financial management within organizations, as these types of debts can arise from administrative errors or incorrect payment processing. Managing such debts effectively ensures that the organization can recover funds that should not have been dispensed, thereby safeguarding resources. In this context, it's important to understand the nature of these debts. Overpayments often occur due to billing errors or miscommunication regarding the amounts owed, while erroneous payments may involve payments made for services not rendered or incorrect billing by vendors. Fines could result from regulatory non-compliance or late payments, and resolving these debts is vital not only for financial accuracy but also for adherence to legal and regulatory requirements. This focus differentiates GFEBS Debt Management from other types of debt management, such as operational expenses, loan repayments, or contractual obligations, which may involve broader financial strategies rather than pinpointing specific erroneous transactions. Such clarity in purpose helps organizations streamline their debt recovery efforts and maintain a healthy financial standing.

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://gfebsdebtmgmt.examzify.com>

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