Sample Test
Certified Defense Financial Manager
(Modules 1 – 4)

**How to use this sample test:** Sample questions are presented first, followed by the answers and references. We suggest that you either print out the questions and mark your answers or view the questions online and write down the question number and answer on a separate sheet of paper. Then you can compare your results to the answers supplied at the end of the sample test.

**Important Notice:** The sole purpose of these questions is to familiarize candidates with the scope and general nature of the CDFM examinations. The questions contained in this sample test are not intended to be used as study material for the CDFM examinations. Nor do the questions cover all the material tested in the examinations.
Module 1 – Resource Management Environment

**Government Resource Management Environment**

1. Question:
   Under the current Federal budget process, what statement is TRUE about the President’s budget?
   a. The President approves the budget request and, after consultation with Congressional leaders, establishes an appropriate submission date
   b. The President approves and budget must be submitted by February 1
   c. The President and selected Congressional leaders approve and budget must be submitted by first Monday in February
   d. The President approves and budget must be submitted by the first Monday in February

**Management/Internal Controls**

2. Question:
   The Federal Managers’ Financial Integrity Act of 1982 requires the establishment of internal accounting and administrative controls to ensure that:
   a. Revenues and expenses are properly recorded
   b. Funds and property are safeguarded against waste or misuse
   c. Data are available to produce reliable financial statements
   d. Managers receive timely and accurate financial information

**Defense Resource Management Environment**

3. Question:
   What statement characterizes the authority of the authorizing and appropriating committees of Congress with regard to the defense bills?
   a. Authorizing committees must adhere to decisions made by the appropriating committees
   b. Appropriating committees must adhere to decisions made by the authorizing committees
   c. Appropriating committees generally adhere to decisions made by the authorizing committees unless the appropriate authorization chairperson grants a waiver
   d. Appropriating committees generally adhere to decisions made by the authorizing committees but are not required to do so
**Personnel Management**

4. Question:

The key objectives emphasized by the National Security Personnel System (NSPS) through salary adjustments and bonuses are:

a. Career groups, pay schedules, and in-grade pay raises  
b. Performance, flexibility, and job contribution  
c. Goal setting, performance rating, and pay schedules  
d. Performance, mission contribution, and in-grade pay raises

**Manpower Management**

5. Question:

Office of Management and Budget (OMB) Circular A-76 makes it government policy to:

a. Compare costs of commercial and in-house workforce, where permissible, to determine who performs the work  
b. Use commercial companies to perform all Federal jobs if the commercial cost is lower by 10 percent or more  
c. Maintain a minimum level of commercial firms for industrial base purposes  
d. Meet the requirements of the President’s Management Agenda through conversion of jobs
Module 2 – Budget and Cost Analysis

Planning, Programming, Budgeting and Execution

6. Question:

   Service procurement funds scheduled to begin obligation in FY06 would have been:
   a. Submitted by a service in their POM in October 2004
   b. Submitted in a service Budget Estimate Submission in December 2004
   c. Starting Congressional enactment in February 2005
   d. Undergoing planning in August 2004

Cost and Economic Analysis

7. Question:

   A statistical measure that indicates the degree to which values fall close to the average is called a:
   a. Dispersion index
   b. Standard deviation
   c. Range deviation
   d. Mean dispersion index

Business Management Process Improvement

8. Question:

   An outcome measure represents:
   a. An assessment of a program activity when compared to its intended purpose
   b. A measure of something produced by the agency (either qualitative or quantitative) to accomplish the objective of the program
   c. An assessment of whether all Federal programs achieve desired results
   d. A measure of resources available to achieve desired results
Module 3 – Accounting and Finance

**Accounting**

9. Question:

The primary equation characterizing financial (proprietary) accounting is:

- a. Resources = Status of Resources
- b. Assets = Liabilities + Available Resources
- c. Assets = Liabilities + Net Position
- d. Resources = Budget + Unobligated Balances

**Finance**

10. Question:

“Pay and confirm” (sometimes called “pay and chase”) refers to the process of obtaining which of the following documents?

- a. Invoices
- b. Receiving Reports
- c. Purchase orders
- d. Purchase order amendments

**Fiscal Law**

11. Question:

DoD is experiencing a shortage of managerial help during a wartime crisis. A former GS-15, recently retired, graciously offers to come in to help manage an administrative project at no charge to the government in order to free up the time of the incumbent GS-15 to work on wartime issues. If the government accepts this offer and the retired GS-15 performs work, what statement is true about the arrangement according to fiscal law?

- a. It is acceptable because the incumbent GS-15 must work on emergency issues affecting peoples’ lives
- b. It is not acceptable and could result in an ADA violation
- c. It is acceptable if approved in writing, ahead of time, by the appropriate Service Secretary or agency head
- d. It is not acceptable but would not constitute an ADA violation so long as funds are available to pay the retired GS-15
Auditing

12. Question:

A Service Secretary asks his internal audit organization to review a program to determine if it is using its resources efficiently. This type of audit would be known as a:

a. Financial audit
b. Efficiency audit
c. Performance audit
d. Attestation audit
Module 4 (Optional) – Acquisition Business Management

13. Question:

The Milestone Decision Authority for an ACAT ID programs is:

a. The appropriate DoD Component Acquisition Executive
b. The Deputy Secretary of Defense
c. The Undersecretary of the appropriate DoD component
d. The Undersecretary of Defense (Acquisition, Technology and Logistics)

14. Question:

The Design Readiness Review occurs during which phase of the Acquisition Process:

a. System Development and Demonstration
b. Operations and Support
c. Technology Development
d. Production and Deployment

15. Question:

The Test and Evaluation Strategy is:

a. Developed from the Test and Evaluation Master Plan
b. Developed after Milestone B
c. An early T&E planning document
d. All of the above

16. Question:

In Earned Value Management, there are five basic variables: BCWS, BCWP, ACWP, BAC, and EAC. Using these variables, the Cost Variance (CV) is expressed as:

a. BCWP – ACWP
b. BCWP – BCWS
c. BCWP – BAC
d. BCWP – EAC

END OF SAMPLE TEST FOR MODULES 1 TO 4
(Scroll Down for Answer Key and References)
Answer Key and References

1. d. (p. 1.1.17 of Jan 2006 textbook)
2. b. (p. 1.5.8 of Jan 2006 textbook)
3. d. (p. 1.2.27 of Jan 2006 textbook)
4. b. (p. 1.4.22 of Jan 2006 text)
5. a. (pp. 1.3.16-17 of Jan 2006 textbook and OMB Circular A-76)
6. c. (p. 2.1.10 of Jan 2006 textbook)
7. b. (p. 2.2.25 of Jan 2006 textbook)
8. a. (p. 2.3.15 of Jan 2006 textbook)
9. c. (p. 3.3.30 of Jan 2006 textbook)
10. b. (p. 3.2.29 of Jan 2006 textbook)
11. b. (p. 3.1.39 of Jan 2006 textbook)
12. c. (p. 3.4.15 of Jan 2006 textbook)
13. d (p. 4.1.10 of Jan 2006 text revision)
14. a (p. 4.2.19 of Jan 2006 text revision)
15. c (p. 4.8.9 of Jan 2006 text revision)
16. a (pp. 4.10.18-19 of Jan 2006 text revision)