**AC313 Chapter 1 Glossary**

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| **arbitration**  | Process of hearing and deciding a case that involves parties that have taken different positions. |
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| **defalcation**  | Appropriation of assets for the benefit of those who do not rightfully deserve them. |
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| **error**  | Unintentional misstatement or omission of information. |
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| **external auditor**  | Accountant who conducts an audit of the financial statements to determine whether they fairly state assets, liabilities, owners' equity, revenues, gains, expenses, losses, and cash flows in accordance with generally accepted accounting principles. |
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| **forensic accounting**  | Accounting specialization in which investigative and analytical skills are applied for the purpose of resolving financial issues in a manner that meets standards required by courts of law. |
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| **forensic accountant**  | Accountant who performs investigative and valuation services, the result of which could be used in a court of law. |
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| **fraud**  | Means by which a person can achieve an advantage over another by false suggestions or suppression of the truth. |
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| **fraud examination**  | Investigation undertaken to determine the facts of a suspected fraud. |
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| **internal auditor**  | Employee who verifies information produced by other employees or processes in the organization; may also work on special projects such as analyzing whether the company for which he works should make or buy a particular product. |
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| **investigative service**  | Function of searching for evidence that supports an objective and communicates the results of the search. |
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| **litigation service**  | Function of a valuation and investigation service (including testifying as an expert witness) performed to assist the court in the determination of an equitable judgment. |
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| **mediation**  | Act of assisting parties with differing perspectives to arrive at a compromise. |
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| **misrepresentation**  | Act of presenting oneself in a manner that does not agree with reality. The presentation could be the result of actions, statements, or omissions. |