

---

Certified Professional in Forensic Accounting and Fraud Prevention

## Fraudulent Financial Transactions

---

**Accrual Basis of Accounting:** Accrual basis is a method of recognizing revenue and expenses when they are incurred, regardless of when cash changes hands. This is in contrast to the cash basis of accounting, which recognizes revenue and expenses only when cash is received or paid. Accrual accounting provides a more accurate picture of a company's financial health, as it matches revenues with the expenses incurred to generate them.

**Asset Misappropriation:** Asset misappropriation is a type of occupational fraud in which an employee or manager steals or misuses an organization's assets. This can include the theft of cash, checks, or inventory, as well as the unauthorized use of company assets such as vehicles or office equipment. Asset misappropriation is the most common type of occupational fraud, and it can cause significant financial harm to an organization.

**Certified Fraud Examiner (CFE):** A Certified Fraud Examiner (CFE) is a professional designation offered by the Association of Certified Fraud Examiners (ACFE). CFEs have specialized knowledge and skills in the detection, prevention, and deterrence of fraud. To become a CFE, an individual must have a minimum of a bachelor's degree, two years of relevant professional experience, and must pass a rigorous examination.

**Computer Fraud:** Computer fraud is a type of fraud that involves the use of a computer or computer network to commit a crime. This can include the theft of confidential information, the spread of malware or viruses, or the unauthorized access to a computer system. Computer fraud can cause significant financial and reputational harm to an organization, and it is often difficult to detect and prevent.

**Embezzlement:** Embezzlement is a type of financial fraud in which an individual who has been entrusted with money or property misappropriates it for their own personal gain. Embezzlement is typically committed by employees or managers who have access to an organization's finances, and it can cause significant financial harm to the victimized organization.

**Enterprise Risk Management (ERM):** Enterprise risk management (ERM) is a process for identifying, analyzing, and managing the risks that an organization faces. ERM helps organizations to identify potential risks and to develop strategies for mitigating or eliminating those risks. ERM is an important tool for organizations seeking to protect their assets and ensure their long-term sustainability.

**False Claims Act:** The False Claims Act is a federal law that makes it a crime to knowingly submit false or fraudulent claims to the government. The False Claims Act is often used to prosecute cases of healthcare fraud, defense contractor fraud, and other types of financial fraud. Whistleblowers who report violations of the False Claims Act may be eligible for financial rewards.

**Forensic Accounting:** Forensic accounting is the practice of using accounting, auditing, and investigative skills to identify and prevent fraud and other financial misconduct. Forensic accountants are often called

upon to provide expert testimony in legal proceedings, and they may be involved in the investigation of white-collar crimes such as embezzlement, securities fraud, and money laundering.

**Fraud:** Fraud is a deliberate act of deception intended to result in financial or personal gain. Fraud can take many forms, including financial fraud, identity fraud, and healthcare fraud. Fraud can cause significant financial and reputational harm to individuals and organizations, and it is often difficult to detect and prevent.

**Fraud Prevention:** Fraud prevention is the process of taking steps to deter or prevent fraud from occurring. Fraud prevention measures can include the implementation of internal controls, the use of technology to detect fraudulent activity, and the education and training of employees. Effective fraud prevention requires a commitment to ethical business practices and a culture of transparency and accountability.

**Forensic Data Analytics:** Forensic data analytics is the use of technology and data analysis techniques to detect and prevent fraud. Forensic data analytics can be used to identify patterns and anomalies in financial data, to detect fraudulent transactions, and to investigate cases of financial misconduct. Forensic data analytics is an important tool for organizations seeking to protect their assets and ensure their long-term sustainability.

**Identity Fraud:** Identity fraud is a type of fraud in which an individual uses another person's personal information, such as their name, social security number, or credit card information, to commit a crime. Identity fraud can take many forms, including credit card fraud, bank fraud, and tax fraud. Identity fraud can cause significant financial and reputational harm to the victimized individual, and it is often difficult to detect and prevent.

**Insider Trading:** Insider trading is the illegal practice of trading stocks or other securities based on material, nonpublic information about the company. Insider trading is a serious crime that can result in significant financial penalties and imprisonment. Insider trading undermines the integrity of the financial markets and can cause significant financial harm to investors.

**Internal Control:** Internal control is a process designed to provide reasonable assurance regarding the achievement of an organization's objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Internal controls can include policies, procedures, and systems designed to detect and prevent fraud and other financial misconduct.

**Kickback Schemes:** A kickback scheme is a type of fraud in which an individual or company receives something of value in exchange for providing preferential treatment or steering business to another individual or company. Kickback schemes can take many forms, including the payment of cash, the provision of gifts or entertainment, or the promise of future business. Kickback schemes are illegal and can result in significant financial penalties and imprisonment.

**Money Laundering:** Money laundering is the process of making illegally-gained proceeds appear legal. This is usually done by passing the money through a complex series of banking transfers or commercial

transactions. Money laundering is a serious crime that can result in significant financial penalties and imprisonment. Money laundering enables criminal organizations to operate and can cause significant financial harm to individuals and communities.

**Occupational Fraud:** Occupational fraud is fraud committed by employees or managers against their employer. Occupational fraud can take many forms, including asset misappropriation, financial statement fraud, and corruption. Occupational fraud can cause significant financial and reputational harm to an organization, and it is often difficult to detect and prevent.

**Professional Skepticism:** Professional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional skepticism is an essential component of the audit process, as it helps auditors to identify and assess risks of material misstatement due to fraud. Professional skepticism requires auditors to maintain an open and objective mindset, and to challenge assumptions and expectations.

**Securities Fraud:** Securities fraud is the illegal practice of manipulating the market or deceiving investors in order to make a profit. Securities fraud can take many forms, including insider trading, accounting fraud, and the sale of unregistered securities. Securities fraud can cause significant financial harm to investors and undermines the integrity of the financial markets.

**Whistleblower:** A whistleblower is an individual who reports fraudulent or illegal activity within an organization. Whistleblowers play an important role in detecting and preventing fraud, and they are protected by law from retaliation by their employers. Whistleblowers may be eligible for financial rewards for reporting violations of certain laws, such as the False Claims Act.