



## **The Blockchain Advantages in Administrative-Accounting Consulting**

The Blockchain has features that can be crucial for accounting and consulting firms. Currently, audit processes (internal and external) have several critical points that could be easily overcome through the implementation of distributed ledger-based technologies (DLT), such as the Blockchain.

The underlying reason why all actors involved in the field of administrative-accounting consulting should concern themselves with expanding their knowledge of Blockchain is because it has two characteristics that can prove crucial for audit activities: transparency and immutability. It is of enormous benefit to the integrity of a company that records are easily accessible to authorised persons. Of course, there will also have to be rules governing how authorised entities can access the records. Blockchain could use so-called smart contracts to comply with such rules. Many believe that Blockchain-based accounting and auditing processes are the next step for this industry. Some of the advantages of using systems based on Blockchain technology could be:

### **Increased efficiency**

Well-designed blockchains are fast and powerful databases. Getting data in and out of the system can be done more efficiently than it is now.

### **Reduced errors**

The lower probability of error in using the blockchain is due to the innovative system of data entry. In fact, once the data is in the chain, smart contracts could automatically perform many accounting functions, reducing human error.

### **Facilitated dispute resolution**

By using smart contracts, many of the tasks associated with data reconciliation can be automated, making this task less burdensome.

### **Reducing costs**

Increased efficiency and reduced errors in any system result in reduced costs.

### **Fraud reduction**

The immutability of blockchains makes it extremely difficult to perpetrate fraud using this platform. In order to change a record, the same change would have to be made simultaneously on all copies of the distributed ledger, which is highly impractical.

### **Improved regulatory compliance**

The increased security offered by using a blockchain-based system can greatly simplify an agency's burden in meeting regulatory demands. As more and more regulators adopt blockchain technology, its adoption could even become mandatory in some crucial areas.

In light of the above, a system based on Blockchain technology could facilitate the development of a continuous monitoring system and allow stakeholders directly involved in audit activities to obtain data in real time and in a consistent format. Monitoring what is happening in real time,

rather than testing (selectively and sampling) and reconciling what has happened, is a substantial departure from contemporary audit techniques.

Because of its distributed ledger technology, the Blockchain eliminates the need to enter accounting information into multiple databases and potentially eliminates the need for auditors to reconcile disparate ledgers, saving considerable amounts of time and greatly reducing the risk of human error.

However, the benefits of continuous audits, real-time monitoring and less time-intensive reconciliation of accounting data can only be realised if different blockchains used in client activities are linked together (blockchain interoperability).

In conclusion, although there are still many legal and technological challenges to be solved regarding the use of blockchain and, at a higher level, systems based on blockchain interoperability, consulting and auditing firms should stay abreast of current developments and the potential opportunities that the blockchain ecosystem may offer in the near future.

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