

Review of: "CryptoAudit and its inherent challenges"

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CryptoAudit and its inherent challenges

Abstract:

The concept of CryptoAudit, which entails auditing cryptocurrency and blockchain-based transactions, is given a clear and instructive summary in the abstract. It draws attention to the particular difficulties faced by auditors in this industry, such as the lack of a thorough regulatory framework, the complexity of blockchain technology, security issues, and scant audit trails. The abstract properly highlights the necessity for auditors to stay current on regulatory developments and broaden their grasp of blockchain technology, and it emphasizes the significance of specific knowledge and experience for auditors to effectively manage these problems. Additionally, mentioned as crucial elements for a successful CryptoAudit are teamwork with subject matter experts and the creation of specialized procedures. The abstract also notes how blockchain technology may improve financial transactions' auditability, transparency, and efficiency. Overall, the abstract provides a concise and well-organized review of the challenges and effects of CryptoAudit. In addition to illustrating the developing function of auditors in this quickly changing environment, it effectively communicates the significance of blockchain technology in the accounting and auditing profession.

Introduction:

The introduction provides a comprehensive overview of the topic of CryptoAudit and the challenges involved in auditing transactions involving cryptocurrency and blockchain technology. It highlights the increasing demand for accountability and assurance in the emerging field of digital assets. The introduction effectively points out the specific difficulties posed by cryptocurrencies, such as the lack of standardized accounting practices and the decentralized, largely unregulated ecosystem. Additionally, the introduction briefly covers the history of cryptocurrencies, including the creation of the original cryptocurrency, Bitcoin, and the potential advantages they may offer over conventional financial systems. It also acknowledges the events that led to the development and adoption of cryptocurrencies. Furthermore, the introduction emphasizes the complexity of the issues in CryptoAudit, ranging from legal problems to technological difficulties and security risks. It underscores the importance of understanding and addressing these challenges to provide trustworthy and accurate audit opinions, promoting trust in the cryptocurrency ecosystem. Overall, the introduction offers a thorough and informative overview of the subject, laying the groundwork for a deeper investigation of the challenges and implications in CryptoAudit.

Literature Review:

The literature on the audit of crypto-based transactions explores the unique challenges and implications of auditing cryptocurrency and blockchain-based transactions. Numerous studies examine how blockchain technology affects financial audits, recognizing the self-verifying nature of financial data while also pointing out some of the current limitations of blockchain technology. Smart contracts are one of the suggested solutions to improve auditability and oversight. It is also looked at how blockchain can affect opportunities and method adjustments in accounting and auditing practices because Blockchain technology has substantial ramifications for the accounting industry, including improved transaction recording and evidence storage, according to research on its use. Paper highlight the necessity of conducting more empirical research and involving practitioners in order to manage the disruption brought on by blockchain in auditing. It is essential to provide standards, directives, and training for auditors in the blockchain era. In the context of accounting and auditing, the literature study examines key themes associated to blockchain, such as governance, transparency, trust, ongoing audits, and shifting responsibilities of accountants and auditors. Theoretical implications are offered to aid professionals in understanding blockchain development, and recommendations for further study are also suggested.

Challenges faced by CryptoAudit:

The audit of cryptocurrencies presents numerous unique challenges, setting it apart from traditional financial audits. The lack of a well-established regulatory framework specifically for cryptocurrencies presents a significant challenge, requiring auditors to continuously monitor and analyze the changing regulations. Blockchain technology is complicated and constantly changing, which presents a challenge for auditors who must keep up with new advancements and have a thorough understanding of technical details. The absence of physical evidence for cryptocurrencies creates reliance on blockchain records and electronic evidence to verify ownership and existence. Security and custody risks are significant concerns, with auditors evaluating security controls and custody arrangements to safeguard cryptocurrency assets. Additionally, the limited audit trail on the blockchain may make it more difficult to track down transactions and collect the required paperwork, making it more challenging to determine the fair worth, ownership, and completeness of crypto assets. The volatility of cryptocurrency prices makes estimating their fair worth for financial reporting more difficult, and the global size and cross-border nature of their transaction's complicate compliance with international regulations. Auditors need to be knowledgeable on blockchain technology, stay up to date on regulations, work with experts, and design particular methods for cryptocurrency audits in order to successfully manage these issues. Overall, the difficulties in conducting a CryptoAudit need auditors to change their approaches in order to keep up with this fast-developing industry, assuring optimal compliance, security, and transparency in the audit of transactions involving cryptocurrencies and blockchain technology.

Conclusion:

The problems and opportunities presented by the implementation of blockchain technology and the audit of cryptocurrencies are highlighted in the conclusion. It highlights how special bitcoin transactions are and how auditors must take additional risks into account and modify their audit methods accordingly. The evolving regulatory landscape and lack

of clear guidelines add complexity to the audit process. However, the conclusion also highlights how blockchain technology can improve financial transaction openness and auditability. It lists triple-entry accounting systems, distributed ledgers, and smart contracts as revolutionary additions to the field of traditional auditing. Although there are issues with data security and reliability, work is being done to address these concerns and provide the right standards. In order to adequately audit these emergent assets, the conclusion emphasizes the need for auditors to keep knowledgeable about blockchain technology and cryptocurrencies, work with experts, and adapt their abilities and working methods. The future of the accounting and auditing profession is anticipated to be shaped by the growing participation of accountants and auditors in blockchain technology, creating new possibilities for enhanced assurance services.

Overall, the paper "*CryptoAudit and its inherent challenges*" presents a well-structured and comprehensive analysis of the subject matter. It addresses the unique challenges faced in auditing cryptocurrencies and offers valuable insights into potential opportunities for auditors in this evolving landscape. The incorporation of existing research and literature adds credibility to the paper's content. The paper is well-written, concise, and informative, making it a valuable resource for both professionals and researchers interested in the field of CryptoAudit.

Recommendation:

- Consider incorporating practical case studies or real-world examples to illustrate the challenges and applications of blockchain technology in CryptoAudit.
- Offer specific best practices or solutions for auditors to effectively address the identified challenges and enhance the audit process for cryptocurrencies.
- Include a section on future research directions, exploring emerging trends in CryptoAudit and potential areas for further investigation.