

**Blockchain Technology: An Emerging Issues Forum**

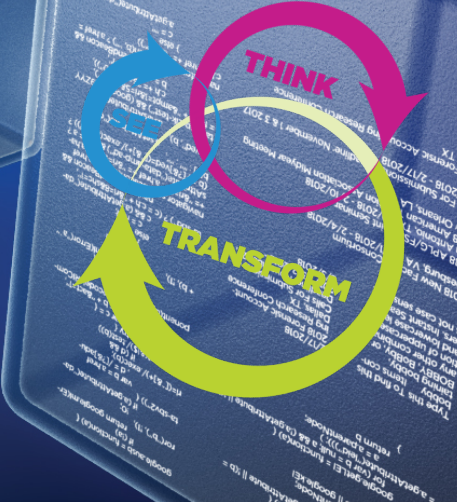
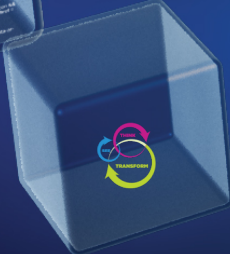
**Friday September 14, 2018**

**#aaaBC2018**



# Internal Control

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# Accounting Blockchain Coalition Working Group

## Internal Controls

## Working group status

- Last met on Friday, Sept. 7
- Focus is to establish framework for evaluating ITGCs around blockchain technology
- Creation of tool to assess inherent and control risk in general



## Key considerations

- Blockchain is no different than any other technology. ITGCs must still be evaluated
- Group has concluded that rather than inventing new risk framework, will use existing frameworks and understand how blockchain fits within them by considering different use cases
- Similar to any risk assessment
  - Assess inherent risk
  - Assess control risk
- Although using established frameworks, there are risks unique to blockchain. Group will consider these unique risks



# Basic framework

- Step 1 – consider inherent risk
  - Methodology behind evaluation no different than other applications
    - Cloud computing – AWS vs. John’s Cloud Network
    - Utilizing ethereum/bitcoin vs. home grown product
      - Different risks – 4 active users vs. 11,000 active users
      - If using outside provider for blockchain technology (i.e. Zappos) is there a SOC report
  - Group is considering how different use cases assess risk
    - Assessing inherent risk for medical data application vs. shipping info for bananas
      - Do we understand the information assets
      - Do we understand vulnerabilities associated with those assets
      - Do we understand the threats that can exploit those vulnerabilities and potential impact
  - Other risk considerations
    - Management override – 1 person 1 ID



## Basic framework

- Step 2 – consider control risk
  - Controls around integrity of data
    - Conversion of legacy data into format for blockchain
    - Integrity of data input – IOT devices
    - Controls around standing data – storage of wallet info



## Conclusion

- Group still focused on Step 1
- Reconvening in coming weeks
- Open to additional volunteers

