



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members
FROM: Margaret Krym, City Auditor
DATE: June 15, 2012
SUBJECT: Non-Audit Consulting Engagement
ITS - Contracting for Cloud Storage Services

The City of Cape Coral ITS department has been evaluating the possibilities of using an outside vendor to supply "Cloud" storage services for the electronic data retained by the City, which could provide a cost effective method of storing data off-site and reduce the requirements for City owned storage capacity. ITS identified a potential vendor for this type of service and requested assistance from the City Auditor's Office in evaluating associated risks.

We engaged the firm of Eminere Group LLC to provide these non-audit consulting services. Certifications evidencing Eminere Group LLC's expertise are as follows: Certified Information Systems Auditor, Certified Information Security Manager, Certified in the Governance of Enterprise Information Technology, Certified in Risk and Information Systems Control.

This engagement reviewed Management concerns related to the security and integrity of data and best practices regarding internal controls for implementing usage of a cloud storage system. The defined objectives for this review of a cloud based external storage solution included the following:

- Assess the current IT control environment of the contemplated vendor for the purpose of evaluating the risk to the security of City data.
- Assess the proposed contract between the vendor and the City.
- Assess the planned internal controls for City operations relating to this Cloud storage service.
- Identify areas for improvement and provide suggestions for risk mitigation.
- Provide knowledge of IT State/regulatory requirements and best practices.

Eminere Group LLC completed their assessment and provided a report to Management in May 2012. The report identified the strengths and limitations of the proposed vendor; and provided overall conclusions and nine specific recommendations for risk mitigating actions prior to implementing a cloud storage solution. The report is detailed and technical in nature and will be provided if requested.

This engagement is an example of a pre-emptive risk avoidance audit activity. Cloud data storage can be a cost effective alternative to on-site data storage and this project will provide a resource for the ITS Department as they move forward with the consideration of a Cloud data storage solution.

C: John Szerlag, City Manager
Dolores Menendez, City Attorney
Rebecca van Deutekom, City Clerk
John MacLean, ITS Director
Fidel Deforte, Network and Telecom Manager
Audit Committee