

# The Chief

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## CityTime Contractor Cites Own Ethics In Firing Manager

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JOHN C. LIU: Skeptical of contractor's claims.

The primary contractor for the benighted CityTime time-keeping system said its project manager did not keep his own time properly, so he was fired and the city reimbursed the \$2.5 million billed for his services, City Comptroller John C. Liu disclosed May 25.

The manager, Gerard Denaut, was subsequently indicted on Federal charges of accepting at least \$5.6 million in kickbacks paid by Technodyne LLC in return for steering the company more than \$450 million in city funds, U.S. Attorney Preet Bharara announced May 27. The payments to Technodyne exceeded the value of the work the company was doing, he said.

### 'Ripping Off Taxpayers'

"It is deeply disturbing that while he was hired to help cut costs and save money, in reality, Gerard Denault was allegedly ripping city taxpayers off to pad his own pockets," Mr. Bharara said in a statement.

Science Applications International Corporation said in a letter that was released by Mr. Liu that Mr. Denault "routinely recorded set hours each day rather than the actual hours worked as we require," which SAIC called a violation of "company policy and ethical practices." Because of this, the company said, Mr. Denault was terminated. His salary has been reported at \$540,000 a year.

"Because he did not precisely record the hours he worked as SAIC policy requires, SAIC cannot accurately calculate the amount that should have been billed to the city," said the letter, which was released May 25 by city Comptroller John C. Liu. "...Therefore, consistent with SAIC's

ethical practices and to demonstrate our good faith in dealing with the city, SAIC will reimburse the city for all of Mr. Denault's billed services...This will amount to \$2,470,522."

"We believe that there are still outstanding questions and the amount of money potentially returned to the city will be much more than that," Mr. Liu said at a press conference.

### **Claims He's a Victim**

Mr. Denault, 49, said in an interview with Crain's New York newspaper that because he was paid a salary rather than by the hour, he had reported 40-hour weeks and did not bill the city for additional hours beyond that. "I under-billed, and they're making it look like I over-billed," he said. He had not commented on the indictment by press time.

Mr. Liu said he had suggested to Mayor Bloomberg that the city Department of Investigation and other agencies conduct a comprehensive investigation of SAIC. The city should withhold further payments to the company until the investigation is complete, he said. A spokesman for Mr. Bloomberg said the city still owed SAIC \$32 million and would not pay it until the investigations are complete.

SAIC's letter did not discuss the reasons why the cost of the CityTime project had ballooned from \$63 million when the company first bid the project more than 10 years ago to \$700 million and counting. Mr. Bharara says that amount includes \$80 million stolen by a consultant, Mark Mazer, who directed much of it to three other supposed consultants.

Joel Bondy, the city official in charge of the project, was a longtime friend of Mr. Mazer and was suspended in December 2010 after the four were arrested. He later resigned under pressure.

Despite mounting costs, rumblings about phony timesheets and other problems, the DOI, the Mayor's Office of Management and Budget and other city agencies charged with oversight of financial matters were less than aggressive about looking into problems with CityTime. Mr. Liu said at his press conference that "there just has not been enough oversight," but ducked a reporter's question about who exactly was to blame for this. His predecessor, William C. Thompson Jr., didn't audit CityTime during his eight years in office.

"The CityTime investigation remains very much ongoing," Mr. Bharara said, and there are more individuals yet to be held accountable."