



CityTime Contractor Fires 3 Executives For Lax Oversight

By MARK TOOR

The troubled prime contractor for the CityTime project, which Mayor Bloomberg has asked for a \$600-million refund, has dismissed three top executives who it concluded failed to manage the project properly.

U.S. Attorney Preet Bharara has indicted 11 people involved in the troubled timekeeping project, whose costs spun out of control after an unnamed aide to Mayor Bloomberg changed the contract to make the city responsible for any cost overruns. The indictments say private consultants working with employees of the contracting company, Science Applications International Corporation, overbilled the city for untrained or nonexistent workers.

A \$5-Million Profit for Scammer

Gerard Denault, CityTime project manager for SAIC, reaped \$5 million from the scam, the indictment charges. Another SAIC employee, chief systems engineer Carl Bell, has pleaded guilty and is expected to testify against the remaining defendants.

“The kind of behavior we have seen in CityTime is criminal and an affront to everything SAIC stands for as a company,” Walt Havenstein, president of the corporation, wrote in a memo to employees Oct. 24. SAIC removed Deborah Alderson, Defense Solutions Group president; John Lord, deputy group president; and Peter Dube, general manager of the Enterprise and Mission Solutions Business Unit, he wrote.

“While we are aware of no evidence that these individuals had any personal involvement in the fraud uncovered in the CityTime program we must maintain the highest standards for all of our employees and for our industry, beginning with our management team,” he wrote. None of the three has been charged with any criminal wrongdoing.

Original Cost: \$63 Million

The project, initiated under former Mayor Rudy Giuliani to replace a paper-based timekeeping system with an electronic one, was originally budgeted at \$63 million. Its price tag is now north of \$700 million, although it is finally operational and covering 163,000 employees.

Though his administration failed to deal with the climbing costs until Mr. Bharara stepped in with his indictments, Mr. Bloomberg asked SAIC after the indictments were issued to repay \$600 million plus the costs of the investigation.

The debacle has led the Bloomberg administration to tighten supervision of private information-technology contractors and have more such projects completed in-house by city employees. Former Deputy Mayor Stephen Goldsmith has said the project made the administration rethink its notion that IT projects are generally done better by private contractors.