

U.S. government agencies made at least \$5 billion in mistakes in their recent reports of contracts awarded to small businesses, with many claiming credit for awards to companies that long ago outgrew the designation or never qualified in the first place, a Washington Post analysis shows.

The Post examined a sampling of the \$89 billion in contracts the agencies classified as small-business awards, which help them satisfy a congressional mandate to award nearly a fourth of all government work to small firms.

In the data The Post analyzed, federal agencies counted Lockheed Martin and its subsidiaries as "small" on 207 contracts worth \$143 million. Dell Computer, a Fortune 500 company, was listed as a small business on \$89 million in contracts.

The Navy claimed that \$60 million in work it gave to Digital System Resources, a division of General Dynamics, went to a small firm -- a year after agencies were warned that DSR did not qualify. The Defense Department, which for a century has used Electric Boat to build submarines, labeled the firm as a small business for \$1 million in supplies and services. The Department of Veterans Affairs said a computer glitch caused it to claim a \$29 million payment to defense security giant CACI as a small-business award.

The Post found that 36 of the 200 companies at the top of the government's list do not qualify as small under government definitions and were improperly counted. Federal procurement officials either did not check or ignored readily available records, including the government's own small-business registry.

About \$1.2 billion in work was won directly by international conglomerates with thousands of employees. That included global defense giants such as British Aerospace, General Dynamics, Northrop Grumman and Science Applications International Corp. (SAIC) and their subsidiaries.

TVNL Comment: This was known years ago. These are the "small business" referred to by John McCain.

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