because of foundation design problems and unanticipated soils conditions.

Settlements of contractors' claims in these cases ranged from a low of $2,500 to a high of $4,100,000. The foundation problem which resulted in settlement of a contractor's claim for $4.1 million resulted in additional unexpected costs when its resolution eventually required the purchase of adjoining lands at a cost of about $4 million.

In reviewing the present capability in soils and foundation matters within the Public Buildings Service, we found that its staff of professional engineers did not include specialists in soil mechanics and foundation engineering. We believe that, had such staff specialists been available, certain of the soils and foundation difficulties experienced by the Service could have been avoided and the costly effects of others minimized.

We proposed to the Administrator of General Services that soil mechanics and foundation engineering capability be developed within the Public Buildings Service. The Administrator advised by letter of January 18, 1967, that the Administration's in-house capability would be expanded and certain other measures would be taken, to minimize soils and foundation problems in the construction of public buildings.

[Index No. 14—B-156010, May 31, 1967]

Savings Possible by Consolidating Management of Acquired Residential Properties, Department of Housing and Urban Development and Veterans' Administration

In a report to the Congress in May 1967, we noted the possible benefits of consolidating within one agency the management and disposition of all single-family residential properties acquired as a result of default of loans under home financing programs of the Federal Housing Administration (FHA), Department of Housing and Urban Development (HUD), and the Veterans' Administration (VA).

We expressed the belief that the property management functions are essentially the same in both agencies and that consolidation of these functions was feasible and would provide a basis for lower costs through a reduction in the overall size of the staffs performing these functions separately. We stated further that consolidation would provide opportunities for additional benefits, such as savings through volume contracting for broker services, and for simpler and more uniform procedures and terms in dealings with brokers and potential buyers.

Officials of HUD, VA, and the Bureau of the Budget (BOB) commented on our proposal. Although the VA believed that it was not desirable to separate its home financing functions from its associated property management functions, the other two agencies were of the opinion that a study was warranted.

Subsequently, we were advised by the Assistant Secretary for Administration, HUD, that a management consulting firm would be engaged by BOB to make a study to determine what, if any, organizational and and other actions should be taken. We were informed that the consulting firm has subsequently completed its study and is in the process of preparing a report on their study.