Follow-up audit of implementation of main recommendations from the identitas audits and current developments
Federal Office for Agriculture

Key facts

identitas AG has been operating the Trade in Livestock Database (TLD) on behalf of the Federal Office for Agriculture (FOAG) since 1999 and provides other services. The TLD forms the basis for the traceability of animals for food safety and animal diseases. The Confederation owns 51% of the shares in the company. The FOAG and the Federal Food Safety and Veterinary Office (FSVO) both have one representative on the board of directors. The 16 minority shareholders are mainly trade associations and interest groups from the agricultural sector. The Confederation pays identitas AG an average CHF 9 million for fulfilling its monitoring duties in the trade in livestock.

The Swiss Federal Audit Office (SFAO) has already carried out audits at identitas AG in 2013 and 2015. Current developments were taken into account within the framework of the follow-up audit of main recommendations.

Gaps in supervision and control, conflicts of interest

FOAG’s supervisory and inspection duties concerning identitas AG’s fulfilment of public duties involves technically challenging tasks. Particularly in the area of finances and IT, the FOAG does not have all the necessary information and documents to provide effective supervision and control. This impedes an in-depth analysis of identitas AG’s finances and the risks associated with identitas’ data ownership, for example. Furthermore, an overarching supervision and monitoring concept which lists the relevant responsibilities, competences and necessary control activities is lacking.

The FOAG’s representative on the identitas AG’s board of directors is also the manager of the FOAG specialist area which is responsible for their supervision and control. While the SFAO judges this constellation to be problematic, the FOAG considers this to be beneficial. If the presence of a federal representative on the board of directors is to be maintained for professional reasons, at least supervision should be transferred to a general secretariat.

Risks for the Confederation at identitas AG’s newly founded subsidiary

Barto AG was established at the end of 2017. It is intended to provide a uniform platform for agricultural data. identitas AG currently owns 87.5% of the company. The shareholder base is planned to be extended in autumn 2018. Around a third of shares would then remain in the hands of identitas AG.

4 The audit report for audit mandate 13395 is available on the website of the SFAO (www.sfao.admin.ch). The audit report for audit mandate 15533 was submitted to the Finance Delegation.
Barto is an online documentation and operational management platform for agriculture and obtains data from the TLD, among others. Land managers should be motivated to enter data, which they are obliged to deliver, on Barto. The data flows into the TLD and, in future, other databases. This abundance of data raises the interest of large corporations in the industry. For the Confederation, there are risks in terms of supervision and control, data sets and use, as well as reputation. The proximity to identitas AG and therefore to the Confederation further carries the risk of a perceived or actual distortion of competition.

**Federal interests must be upheld more consistently**

Negotiations on cost defrayal and contract specifications between the FOAG and identitas AG are not always fully justified or are missing altogether. Furthermore, in 2017 the FOAG determined that payments from support services to identitas AG were over CHF 400,000 too high in 2016. It is not possible to understand why the level of the flat-rate payments was not regularly checked for appropriateness and the contract adapted accordingly each time.

identitas operates on the market as a private limited-liability company with the corresponding freedoms to conduct business. At the same time, as a company which is majority-owned by the Confederation, it is also obliged to safeguard the interests of its owner. However, it is the Confederation’s task to monitor this and systematically insist it is done.

*Original text in German*