



Rialálaí an Chranachuir Náisiúnta  
Regulator of the National Lottery

ANNUAL REPORT AND ACCOUNTS

2017



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# 1.1 Regulator's Statement



Ms Carol Boate  
Regulator of the  
National Lottery

In accordance with Sections 22 and 24 of the National Lottery Act 2013, I am pleased to present the Annual Report and Accounts for the Regulator of the National Lottery and the National Lottery Fund for the year ended 31 December 2017.

The amount transferred to support Good Causes has increased each year since the beginning of the Licence to operate the National Lottery was granted to Premier Lotteries Ireland ("the Operator") in 2014. In 2017, €226.8m was transferred from the National Lottery Fund to support Good Causes.

2017 was a year of transition at the Office of the Regulator of the National Lottery. The first Regulator, Mr Liam Sloyan, resigned on 3 May 2017, to take up the post of CEO of the National Treatment Purchase Fund and I commenced as Regulator on 9 October 2017. For the intervening period, the Minister for Public Expenditure and Reform performed the functions of the Regulator, as the legislation required. I am grateful to the Minister and his officials for their contribution in this period.

The oversight mechanisms the Office of the Regulator of the National Lottery has put in place to ensure compliance by the Operator continued to evolve in 2017. The information we glean from our monitoring activities is combined with my powers under the Act to ensure a safe, sustainable and properly run National Lottery.

2017 saw the first findings of breaches of the Licence. As referred to in the Regulator's 2016 Annual Report, our analysis of online play data led to a formal investigation in 2016. Following this investigation, in 2017 the Operator was found to have breached the terms of the Licence regarding players who have elected to self-exclude themselves from online play. Separately, our regular monitoring of the Operator's marketing communications in 2017 also led to a finding of a breach regarding the Advertising and Promotion Code of Practice.

On foot of these findings, the Regulator issued directions to the Operator and the Operator improved its controls on self-excluded accounts and withdrew the non-compliant advertisement.

The Office completed a number of themed reviews of aspects of the operations of the National Lottery in 2017, specifically in the areas of social media usage, fitness and probity, and the use of National Lottery trademarks. The Office also monitored the progress of improvements in the Operator's player protection measures.

On 7 March 2017, the Regulator made a presentation to and addressed questions from the Oireachtas Joint Committee on Finance, Public Expenditure and Reform and Taoiseach.

I would like to acknowledge the work and commitment of my colleagues in the Office of the Regulator of the National Lottery in respect of 2017, and most particularly in respect of the period of transition during the change of Regulator. I also acknowledge and thank Minister Paschal Donohoe and officials of the Department for their support and assistance in that period and throughout the year.

Finally, I am pleased to record my appreciation for the commitment and high standards of the previous Regulator, Liam Sloyan, in the establishment and development of this Office.



Carol Boate

Regulator of the National Lottery

## 1.2 Management Team

The Office of the Regulator of the National Lottery was established under the National Lottery Act 2013 and the first Regulator, Liam Sloyan, was appointed by the Minister for Public Expenditure and Reform on 17 November 2014 and subsequently resigned on 3 May 2017 to take up the role of CEO of the National Treatment Purchase Fund. The Minister for Public Expenditure and Reform performed the functions of the Regulator in the period from 4 May 2017 to 8 October 2017. Carol Boate was appointed as Regulator, effective from 9 October 2017. The Regulator and senior management team at 31 December 2017 were:



**Ms Carol Boate**  
*Regulator of the National Lottery*

Ms Boate is an experienced advocate and practitioner of better regulation for the benefit of consumers and the economy. She holds a B.A. in Economics

from Trinity College and an M.Sc. in Economics from University College Dublin, as well as postgraduate diplomas in EC Competition Law and Regulatory Governance. Before being appointed as Regulator of the National Lottery, Ms Boate was Director of Corporate Services and, previously, Director of Regulation and Business Engagement at the Competition and Consumer Protection Commission. Prior to that she worked at the Competition Authority, primarily in the areas of regulating mergers and acquisitions and advocating for changes to laws and regulations that hinder effective competition.



**Ms Suzanne Lambe**  
*Corporate Affairs Manager*

Ms Lambe is a member of Certified Public Accountants Ireland and holds a Post Graduate Certificate in Project Management. She has over 10 years' public sector experience

in finance, accounting and auditing. Before joining the Regulator of the National Lottery, Ms Lambe was the Finance Officer with the Teaching Council, the regulatory body for teachers. Prior to that she held a number of positions in finance, accounting and administration within the private sector. [Ms Lambe resigned in March 2018]



**Mr Cian O'Sullivan**  
*Head of Legal and Compliance*

Mr O'Sullivan is a member of the Law Society of Ireland having qualified as a solicitor in 2001. He holds Bachelor of Civil Law and Master of Laws Degrees as well as post

qualification diplomas awarded by the Law Society of Ireland, the Irish Taxation Institute and the Life Insurance Association. Before being appointed Head of Legal and Compliance he acted as an inspector with the Office of the Revenue Commissioners. Prior to that he worked in legal and compliance in a large insurance company and in a leading law firm.



**Mr Derek Donohoe**  
*Deputy Regulator of the National Lottery / Head of Audit & Finance*

Mr Donohoe is a Fellow of Chartered Accountants Ireland and holds a Diploma in Forensic Accounting. He has over 30

years of experience in accounting and auditing matters. He is a former partner in a leading Irish accountancy practice with significant experience in the areas of auditing, financial reporting, forensic accounting, corporate governance, compliance and due diligence reviews. He provided audit and compliance services to a portfolio of regulated entities in the financial sector for many years.



**Ms Siobhan Phillips**  
*Head of Player Protection and Research*

Ms Phillips is a Registered Psychologist with the Psychological Society of Ireland and holds M.Sc., H. Dip and BA(hons) degrees in Psychology.

Prior to joining the Regulator of the National Lottery, she was Head of Research Infrastructures and Evaluation at the European Science Foundation. She has had a long professional career in public policy research and evaluation as a consultant and evaluation specialist and has published many reports in Ireland and internationally. She was Head of the EU Structural Funds Industry Evaluation Unit at the Department of Enterprise Trade and Employment for several years and was also a Programme Evaluator for the European Social Fund.



**Mr David Scott**  
*Accountant*

Mr Scott is a member of the Chartered Institute of Public Finance and Accountancy and holds a Bachelor of Science degree in Mathematics. He has over 20 years' experience

in finance, accounting and auditing. Before joining the Regulator of the National Lottery Mr. Scott was Finance and Administration Manager with the Citizens Information Board, regulating grant-funded entities. Prior to that he held positions in the third-level education and local government sectors in Ireland and the UK.

# 1.3 Functions of the Regulator

*A safe, sustainable, properly run National Lottery maximising funds for good causes*

The Regulator of the National Lottery's vision is for a safe, sustainable, properly run National Lottery maximising funds for good causes. The functions of the Regulator, which support this vision, are prescribed in the National Lottery Act 2013 and include the following:

1. To procure the holding of the National Lottery.
2. To oversee the operation of the National Lottery and to monitor and enforce compliance by the Operator with the Act and the Licence.
3. To consider for approval certain matters relating to the National Lottery (including schemes for National Lottery games).
4. To manage and control the National Lottery Fund.
5. To exercise the enforcement rights of any trademark of the National Lottery.

The Regulator is required to carry out these functions in a manner most likely to ensure:

- a. that the National Lottery is run with all due propriety
- b. that the interests of participants in the National Lottery are protected
- c. that the long-term sustainability of the National Lottery is safeguarded

and, subject to a) to c), to ensure revenues allocated to the Central Fund for disbursement for the purposes permitted by the Act ("Good Causes") are as great as possible, subject to the terms of the Licence.

The Regulator has no role in relation to applications for or allocation of funds for Good Causes. Applications for funding should be directed to the relevant Government Department.

# 1.4 Oversight of the Operator

The Office of the Regulator of the National Lottery monitors and enforces compliance by Premier Lotteries Ireland DAC with the National Lottery Act 2013 and with the terms and conditions of the Licence granted to it to operate the National Lottery.

This Office fulfils this function through regular and proactive oversight of Premier Lotteries Ireland. This oversight includes:

- a. Monitoring the performance of the Operator
- b. Various reports received from the Operator
- c. Real time access to data from the Operator's systems
- d. Regular meetings with the Operator
- e. Oversight of processes and controls applied by the Operator
- f. Monitoring of marketing and PR activities of the Operator
- g. Complaints from the public, themed reviews and investigations.

*The Office of the Regulator of the National Lottery monitors and enforces compliance by Premier Lotteries Ireland DAC with the National Lottery Act 2013 and with the terms and conditions of the Licence granted to it to operate the National Lottery.*

## (a) Monitoring the performance of the Operator

The performance of the Operator is monitored with regard to projected standards to be achieved in each year. See Appendix A for extracts from the 2017 Annual Performance Standards Report from the Operator.

## (b) Various reports received from the Operator

Thirty one different types of reports were received on a regular basis from the Operator (see Appendix B) in 2017. These cover various aspects of the business, including: finance, governance, technology, customer service and game performance.

Each report is reviewed by the Office of the Regulator and may be cross referenced against other information sources. Based on this review, any matters requiring explanation are addressed with the Operator and further information is requested and obtained or action taken, as required.

### (c) Real-time access to data from the Operator's systems

The Office has real time access to the Gaming System ("BOS") operated by the Operator. This allows the Office to monitor, for example:

- The sales performance of games, individually and by category
- The numbers of top prizes claimed by game and the number remaining unclaimed
- The percentage of unclaimed prizes by game
- The commission payable to retailers
- Adjustments (e.g. for cancelled or damaged tickets) entered on the Gaming System
- The termination of games and replacement with subsequent iterations

This information is cross referenced against the reports provided by the Operator, as noted above.

The Office of the Regulator also has access to the Independent Verification System which the Operator is required to operate under the Licence. The Independent Verification System operates as a control and is balanced by the Operator with the Gaming System prior to the selection of numbers in all draw-based games.

The Office also has real time access to the Operator's Prize Bank Account and monitors the payment of prizes, the transfer of amounts to and from the Prize Bank Account, and the balance available in the Prize Bank Account from time to time.

### (d) Regular meetings with the Operator

Regular meetings with key personnel of the Operator are scheduled on a recurring basis, with additional ad-hoc meetings arranged as required.

- Fortnightly and monthly recurring meetings provide avenues for effective communication between the Office of the Regulator and the Operator and timely oversight of all current and planned activity.
- Quarterly and annual meetings are scheduled for structured oversight of specific periodic matters, including annual engagement with the Board of the Operator.
- Ad-hoc meetings are held to address specific matters arising from time to time, as necessary.

Forty one regular meetings were held by the Office of the Regulator with Operator personnel in 2017. In addition, ad-hoc meetings addressing specific matters were held as required.

In the period from resignation of the former Regulator to appointment of the current Regulator, and to ensure continuity in oversight of the Operator and continuity in the management and control of the National Lottery Fund, Twenty weekly meetings were held by personnel of this Office with officials of the Minister, in the Minister's capacity of Regulator.

### (e) Oversight of processes and controls applied by the Operator

The Office of the Regulator monitors the processes and controls employed by the Operator in the operation of the National Lottery. This oversight includes monitoring of:

- Governance structures within the Operator
- Fitness and probity of directors and senior management
- Regular transfers to the National Lottery Fund (see section 1.6 below)
- Controls in place in respect of operations including holding of draws and operations of games, payment of prizes, use of expired unclaimed prizes, security, information technology, quality control, accounting and reporting
- Operation of internal audit function
- Third party certification in respect of controls and processes.



## (f) Monitoring of marketing and PR activities of the Operator

The Advertising and Promotion Code of Practice prescribes a number of standards that the Operator must adhere to when promoting the National Lottery. The Office monitors the advertising campaigns, press releases, social media and other marketing and PR activities carried out by the Operator to see if they comply with the provisions of the Code and to ensure effective action is taken should any breaches be found.

The appointment by the Operator of a third-party to perform advertising services is subject to approval by the Regulator, having assessed the fitness and probity of the proposed third-party.

## (g) Complaints from the public, themed reviews and investigations

In 2017, the Regulator dealt with 34 complaints from members of the public; conducted 3 themed reviews - of the Operator's use of social media, use of Trademarks, and fitness and probity obligations; and opened an investigation into elements of the Operator's system of internal control relating to the self-exclusion facility and related online controls.

As a result of these proactive activities, the Operator commenced a review of its policy on social media use and the use of Trademarks therein.

## 1.4.1 National Lottery Operations and Funds for Good Causes

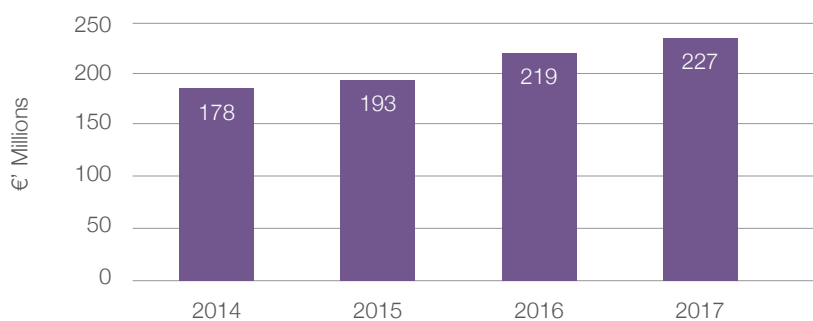
The Operator reported that more than 1.4 million people played National Lottery games on a regular basis in 2017. This represents more than 40% of adults in Ireland.

Ticket sales for 2017 amounted to €800.2 million (2016: €750.2 million). Sales for draw based games were €558.8 million (2016: €529.8 million), while sales for instant games (scratch-card and interactive Instant Win Games) were €241.4 million (2016: €220.4 million).

During the year, the retail channel grew by 7% to 5,663 outlets (2016: 5,290). Online sales represented 6.5% of total sales (2016: 5.4%).

Amounts transferred from the National Lottery Fund to the Exchequer for distribution to Good Causes (pursuant to section 44 of the National Lottery Act 2013, for the purposes set out in Section 41) in the years from 2014, the year in which PLI commenced to operate the National Lottery, to 2017 were as set out in the figure below.

**Amounts transferred from National Lottery Fund to Exchequer for Good Causes in €'millions**



*The amount transferred for Good Causes in 2016 of €219m included €7m in respect of historical sums carried forward in the National Lottery Fund.*

The amount transferred in 2017 was €226.8m, which, on a like for like basis, is an increase of 7.1% on 2016.

## 1.4.2 Player Protection

### *Informed consumer interactions with the National Lottery that minimise risk to participants*

A statutory objective of the Regulator is that the interests of the participants in the National Lottery are protected. Included in this objective is monitoring how the Operator is protecting:

- Those who are underage (defined for the purposes of the National Lottery as under 18 years of age)
- Players with a susceptibility to excessive or problem play

While many people enjoy and engage safely in National Lottery activity, certain groups or individuals can be vulnerable or susceptible to problem play. The Office recognises that there are features of games and features of the gaming environment (whether online or via retail outlets) that can drive risky patterns of play, amplifying player risks, particularly for certain groups of players. There are multiple factors involved in causing and preventing gaming problems, involving an interplay between the person, the product (game) and the gaming environment.

A key goal of the Regulator is that players of National Lottery games should experience informed consumer interactions with the National Lottery that minimise risk to participants. Measures in place to achieve this goal include: controls on the marketing of the National Lottery, controls on the purchase of National Lottery game tickets, and a thorough assessment of the level of risk attached to each new game proposed.

### Controls for Online Play

Schedule 9 of the Licence sets out certain conditions to be applied for online play, including:

- Registration
- Limits on spending
- Self-exclusion options
- Random age checks
- Payment of large prizes is contingent on proof of age and identity
- Large prizes are paid by cheque
- Limit on on-line account balance

These controls, together with preventative, responsible gaming measures as envisaged by Clause 10 of the Licence, properly applied, provide support in the prevention of problem gaming and underage gaming.

In addition to the controls applied under Schedule 9, the Operator identifies patterns of activity that may be indicative of problem play and interacts with the player in order to raise his/her awareness of available supports, including facilities to set spending limits, self-exclusion, and access to services from GambleAware. The Operator regularly reports to the Regulator in this regard.

## Regulatory Oversight

Prevention of problem and underage play is pursued by the Regulator through:

- Reviewing the Operator's procedures and sales environments
- Researching and identifying processes and practices that have demonstrated effectiveness in preventing or minimising risk
- Assessing level of risk attached to new games proposed by the Operator. (This function is discussed further in section 1.5 of this report.)

The Office is provided with quarterly anonymised data on online game purchases. This data allows the Office to, on an anonymised basis:

- Monitor player spend and frequency of gaming on game types
- Monitor the use of the self-exclusion facility
- Monitor player spend behaviour over time

An analysis of player self-exclusion data in 2016 gave rise to an investigation into apparent breaches of the requirements set out in Schedule 9 (see Section 1.4.6 below).

The Operator also provides the Regulator with quarterly Player Protection reports. These reports provide data and the Operator's analysis of player spending, including whether players have reached the spend limits imposed by the Licence, namely €75 per day, €300 per week and €900 per month.

The Regulator notes the emphasis in the Act and the Licence in relation to controls around underage play. In particular, the Regulator notes the provisions in the Act that make it an offence to sell a National Lottery ticket to a minor and the provision that it is a defence in a prosecution for such an offence for the seller to show that he or she "took all reasonable steps to verify the age of the person purchasing the ticket". Accordingly, there is an onus on the Operator (and on authorised retail agents) to ensure that it is not selling lottery tickets to minors and that it is taking all reasonable steps in order to verify that those purchasing National Lottery tickets are 18 years of age or older prior to making a National Lottery purchase.

The application of controls for online play is subject to continual review by the Regulator both in respect of compliance with the Licence and the Act and in respect of effectiveness. The Regulator has regard to the controls for online play when considering applications for approval for schemes for lottery games which are played online.

## Underage Play

In respect of underage play, the online controls in place in 2017 meant that minors were not permitted to register to play online. It is further noted that the age checks conducted by the Operator during 2017 provide no evidence of minors being registered to play online. It is possible that a small number of minors could (in breach of the game rules) have registered using a false age and played online. However, they would have to be able to prove their age in order to claim a large prize or withdraw large sums and this would be expected to dissuade them from playing.

The Regulator actively engaged with the Operator in respect of standards of age verification in the online environment in 2017 and the Operator put in place plans for testing new technology in this regard in 2018. The Office continues to monitor and analyse player online age controls as part of its player protection remit

### 1.4.3 Responsible Communications and Advertising

The Office of the Regulator regularly monitors the Operator's website, advertising, PR and other marketing communications to ensure that it follows responsible advertising and gaming practices. The information provided must be transparent, accessible, and not misleading. Players should not intentionally or unintentionally be exposed to risks likely to result in underage or problem play.

During 2017, the Regulator actively engaged with the Operator in respect of upholding standards in the Advertising and Promotion Code of Practice and determined that there was a breach of the Code in respect of one advertisement.

The Advertising and Promotion Code of Practice provides that:

*"Marketing Communications and PR activities should not exploit an individual's financial anxieties or personal difficulties nor present winning in a way that is seen to be a way out of financial difficulties or as an alternative to work."*

and that:

*"Any person who is under the age of 18 or appears to be under the age of 18 shall not be shown in anything other than an incidental role of Marketing Communications and PR activity. Only actors who are and appear to be over 18 years of age shall be shown as the main character of any National Lottery advertisement or Public Relations campaign."*

A breach of the Code constitutes a breach of the Licence.

On 10 January 2017 The Office of the Regulator became aware of a TV advertisement that the Operator was running with the tag line "It's the quality time all the time jackpot". The advertisement opened with two young children and a woman together on a beach. A voiceover stated "it's the quality time all the time jackpot"; while the text 'IT'S THE "QUALITY TIME. ALL THE TIME." JACKPOT' appeared on the screen. The scene was followed by two further scenes, which both featured the woman with a child. On 28 April 2017 the Regulator determined that the Operator had failed to comply with the above provisions of the Code and the Licence.

This was the first instance where the Regulator considered that the Operator had breached these provisions and he directed the Operator to remedy the breach. The Operator duly remedied the breach by withdrawing the advertisement.

### 1.4.4 Complaints Received

Members of the public, whether as participants in any National Lottery game or not, can file complaints in relation to the National Lottery with the Operator of the National Lottery. Details in relation to the Operator's complaints process can be found in the Participants' Code of Practice which is available on the Regulator's website and from the Operator.

Alternatively, complaints can be filed with the Regulator. The Regulator will consider the complaint from a regulatory perspective and will consider whether there has been any breach by the Operator of the Act or the Licence. The Regulator cannot influence or alter a decision that falls within the Operator's remit other than to ensure that it complies with the Act and the Licence. Details on how to complain to the Regulator and the complaints process are set out in the Regulator's website at <http://www.rnl.ie/player-information/complaints-procedure/>

## Summary of complaints received by the Regulator in 2017 and Action Taken

| Subject Matter of Complaints           | Numbers |
|--|---------|
| Equipment in retailers not functioning | 5       |
| Retailer Complaint                     | 2       |
| Online Experience                      | 9       |
| Game Design / Price                    | 10      |
| Expired Scratch-cards                  | 3       |
| Information Provided                   | 4       |
| Not related to the National Lottery    | 1       |
| Total                                  | 34      |

| Action Taken by Regulator                             | Numbers |
|---|---------|
| This Office responded directly                        | 11      |
| The Operator responded after contact from this Office | 19      |
| Ongoing complaints at 31 December 2017                | 4       |
| Total   | 34      |

### 1.4.5 Themed Compliance Reviews

During 2017 the Regulator conducted the following themed compliance reviews:

#### 1. Fitness and Probity

Section 9(2)(a) of the Act relates to the functions of the Regulator and states that the Regulator shall exercise her functions in such manner as she considers most likely to ensure *“that the National Lottery is run with all due propriety”*.

Section 36(1)(f) of the Act relates to revocation of the Licence and provides that the Regulator may serve notice of her intention to revoke the Licence if *“any person who is managing the business or any part of the business of running the National Lottery under the licence is not a suitable person to do so...”*.

Clause 19 of the Licence is titled *“Provision of Information about Directors, Shareholders and Others”*. Pursuant to Clause 19.1 the Operator must provide such information to the Regulator so that she can determine whether *“any Person who is managing the Licensee’s business...is...a fit and proper person...”*.

**During 2017, the Regulator conducted a review of the Operator’s compliance with its fitness and probity obligations under the Act and the Licence. No action was required as a result of the review.**

#### 2. Advertising and Promotion of the National Lottery: use of Social Media

During 2017 the Office considered the developing area of social media which is increasingly being used to advertise and promote the National Lottery. The Office considered how such activities were governed by the Act and the Licence and also how the trade mark requirements under the Act and the Licence were relevant to such activities.

**The Operator commenced a review of its social media policy in light of these considerations.**

#### 3. Use of trademarks

See section 1.7 Enforcement of Trademarks.

## 1.4.6 Enforcement

Part 6 of the Act relates to investigations. Section 32 of the Act allows the Regulator to appoint an investigator to investigate an apparent breach of the Act or the Licence. Section 33 allows the Regulator to issue a direction to the Operator requiring it to carry out or to cease carrying out a specified action(s). Alternatively, the Regulator may apply to the High Court for an order compelling compliance with the Act or the Licence or co-operation with an Investigation. Sections 34 and 35 allow the Regulator to impose a financial sanction on the Operator where it has failed to comply with a direction. The Regulator may also publish the details of any breach and direction or any statement of findings or any application to the Court under section 35.

### Self-exclusion Investigations

In 2016, the Regulator appointed an investigator to investigate apparent breaches by the Operator of the self-exclusion provisions contained in Schedule 9 of the Licence. Self-exclusion is a facility which allows a player to prevent him or herself accessing some or all lottery games online for various periods. Paragraph 6 of Schedule 9 requires the Operator to implement the following self-exclusion facility:

- a. "A player will be able to lock himself out of an Interactive Instant Win game for a minimum period of 2 days.
- b. All Games – Minimum Six Months  
If a player chooses this option their account will be closed for a minimum of six months and the balance in their online wallet will be returned. They will receive no marketing messages for the period of their exclusion.
- c. All Games – Minimum One Month (Take a Break)  
If a player chooses this option their account will be suspended for a minimum of one month. The balance in their online wallet will be held for the player but they will receive no marketing messages for the period of their exclusion."

At the end of the investigation, the investigator furnished a report to the Regulator containing his opinion that, between the commencement of operations under the Licence and 17 October 2016:

- 19 players who had self-excluded had contacted the Operator and were permitted by it to play before the end of the period of self-exclusion.
- 4 players who had self-excluded had received marketing messages from the Operator during a self-exclusion period.

The report noted that, as a result of the investigation, the Operator had introduced controls to prevent a player from playing before the end of a self-exclusion period and receiving marketing messages before the end of a self-exclusion period.

In April 2017, the Regulator determined that the Operator had breached the terms and conditions of the Licence pertaining to self-exclusion. The Regulator directed the Operator to comply with Paragraph 6 of Schedule 9 of the Licence and the Operator confirmed that it had amended its self-exclusion controls.

In May 2017, the Regulator appointed an investigator to investigate elements of the Operator's system of internal control relating to the self-exclusion facility and related online controls as set out in Schedule 9 of the Licence. This investigation has not yet concluded at the time of publication of this report.

# 1.5 Regulatory Requests under the Act and the Licence

Some aspects of the Operator's activities require the Regulator's written approval of their compliance with the Act and the Licence in advance, including:

- New or amended schemes for National Lottery games
- New service providers
- Schemes for the testing of equipment used in National Lottery draws, as well as qualified independent persons to conduct the tests
- Internal audit reporting line
- Approvable Descriptions of processes and systems
- Changes to Codes of Practice, including:
  - Participants' Code of Practice
  - Sales Code of Practice
  - Advertising and Promotion Code of Practice
  - Code of Practice on Vetting Procedures

## Assessment process

Every request for approval or consent is scrutinised to assess whether it complies with the Act and the Licence. Each assessment involves careful consideration of a range of provisions of the Act and the Licence. A strict timebound process for processing these requests is set out in the Licence.

Where the Regulator is not satisfied that a request is compliant, the Operator may be asked for further information and explanations. Often the Operator submits an amended proposal or an explanation that addresses any concern and the request is ultimately approved. Sometimes the Operator is unable to address the concerns, at least within the required time limit, and the request is withdrawn or rejected. This may be followed up by a fresh application for a revised proposal.

## 2017 Requests

During 2017, the Operator submitted 41 requests for approval or consent and 36 of these were concluded during the year. In 75% of submissions further information was sought by the Regulator. Five requests were still being considered at year end.

Twenty nine of the requests related to schemes for National Lottery games. Seventeen game requests were approved and 9 were refused, primarily for player protection reasons. Two were still under consideration at year end.

| Status of 2017 Requests at 31 December | All Requests | Games |
|--|--------------|-------|
| Received                               | 41           | 29    |
| Approved                               | 21           | 17    |
| Refused                                | 12           | 9     |
| Withdrawn by Operator                  | 3            | 1     |
| Under consideration                    | 5            | 2     |

See Appendix C for details of each individual request received in 2017.

Details of requests received in previous and subsequent years are available at <http://www.rnl.ie/publications-and-research>

### Further information in respect of Interactive Instant Win Games (IWGs)

In November 2015, the Operator introduced the first IWGs under the Licence. IWGs are played online and involve interaction between the system and the player, although the game remains a game of pure chance and the actions of the player have no bearing on the outcome.

For a number of reasons, these games can pose extra risk from a player protection perspective. However, this can be mitigated by establishing a control framework with the intention of reducing the risk for players. Such a control framework is required under the Licence. It includes limits on players' spending, options for players to self-exclude from playing National Lottery games online, and responsible gaming practices that prevent problem gaming.

Requests relating to schemes for IWGs have been granted only temporary approval, pending implementation of improvements in the Operator's online control framework in practice.



## 1.6 National Lottery Fund

The National Lottery Fund (the “Fund”) was established under the National Lottery Act 1986 as a single account held with the Central Bank of Ireland. The Fund is managed and controlled by the Regulator in accordance with the Act and the Licence.

*The Fund is managed and controlled by the Regulator... to ensure that the revenues raised from the sale of National Lottery tickets and the amounts going to prizes and Good Causes are all accounted for correctly.*

### Weekly settlement

Every week the Regulator reviews the Operator’s “weekly settlement report” of its sales of National Lottery tickets with regard to each scratch card, draw based game, and online instant win game. Checks are performed to ensure that the amounts allocated to prizes, Good Causes, Retailers, and the Operator are correct – for each and every game. The Office of the Regulator also cross-references this financial information with the real time data from the Operator’s gaming system.

These weekly checks form part of a system of control to ensure that the revenues raised from the sale of National Lottery tickets, the amount going into prizes, the amount going to Good Causes and the percentage going to Retailers are all accounted for correctly.

### Transfers of funds

The following steps are followed on a weekly basis, in accordance with the terms of the Licence:

- STEP 1:** | The Operator lodges to the Fund the total amount of ticket sales net of retailers’ commissions and of small prizes paid by retailers.
- STEP 2:** | The Regulator transfers from the Fund to the Operator the amount in respect of prizes, other than small prizes, for the week.
- STEP 3:** | The Regulator reserves in the Fund the amount in respect of Good Causes.
- STEP 4:** | The Regulator transfers the amount due in respect of the Regulator’s levy.
- STEP 5:** | The Regulator transfers the remaining amount in respect of the week to the Operator.

The Fund is reconciled on a weekly basis. The amounts reserved in the Fund for Good Causes (at step 3 above) are transferred on a periodic basis as agreed with the Minister for Public Expenditure and Reform to the Central Fund of the Exchequer.

Management accounts of the Fund are prepared and are subject to review by the Finance Committee of the Regulator, which includes an external consultant. Annual financial statements in the form of a Receipts and Payments Statement are prepared and are subject to audit by the Comptroller and Auditor General.

The Regulator has formal procedures and internal controls in place for the management and control of the Fund and the transfers of amounts to and from the Fund. This system of internal controls employed by the Regulator is subject to annual review by internal audit consultants engaged by the Regulator to review the procedures for management and control of the Fund.

### **An Post National Lottery Company**

In 2017, An Post National Lottery Company confirmed that no further payments to it from the Fund would be required in respect of costs under the previous Licence.

### **Funds for Good Causes**

The amount allocated to Good Causes is calculated, in accordance with the Act and the Licence, as 65% of the difference between sales and prizes. Under the Licence, prizes must, on average across the portfolio of National Lottery games, be at least 50% of sales.

During 2017, €226.8m was transferred to the Exchequer for Good Causes - compared with €218.9 million in 2016 and €193.3 million in 2015.

The figure for 2016 included an amount of €7 million previously retained in the Fund to meet transition costs, that was not ultimately required.

### **Annual Accounts of the National Lottery Fund**

The Annual Accounts of the Fund were prepared by the Regulator and submitted to the Comptroller and Auditor General for audit in accordance with Section 44 of the Act. These accounts have been audited and are set out in Section 3 of this document.

## 1.7 Enforcement of Trademarks

The Act provides that the goodwill attaching to the names “Irish National Lottery” and “National Lottery” and their equivalents in the Irish language and to the name of any lottery game held under the Licence vests in the Minister. Pursuant to section 9(5) of the Act the Regulator may enforce any trade marks relating to the National Lottery.

The Licence permits the Operator to use the National Lottery trade mark and logo subject to a number of conditions which include the following:

- a. The Operator shall ensure that the National Lottery Logo appears on all play slips and physical tickets, and documents produced by the Operator and made available to players containing information about the National Lottery or any game and correspondence issued by the Operator.
- b. The Operator shall not use and shall not cause or permit any person to use a trade mark, other than a trade mark in connection with the National Lottery or games, without the prior approval of the Regulator.
- c. The Operator shall not use and shall not cause or permit any other person to use a trade mark in connection with the National Lottery or games on any goods or in relation to the provision of any services, other than the operation of the National Lottery or any game without the prior approval of the Regulator.
- d. The Operator shall ensure that it does not assign National Lottery trade mark related rights to any other person without the approval of the Regulator.
- e. The Operator shall only claim such rights as are granted to it under the Licence and not do anything to impede the Minister’s registration of its rights.
- f. The Operator shall report to the Regulator suspected infringements by a third-party relating to National Lottery trademarks.

**In 2017, the Regulator conducted a themed review of the Operator’s compliance with its trademark obligations under the Licence. No action was required as a result of the review.**

**The Regulator also monitored the usage of National Lottery trademarks throughout the year, as part of its ongoing activities. No action was required as a result of these activities.**

# 1.8 Corporate Affairs

## 1.8.1 Strategy

During 2015, the Regulator developed a Strategic Plan for the three-year period 2016 to 2018 setting the Mission, Vision, Values and Strategic Objectives. The Regulator continued to develop and enhance the Strategic Plan in 2017 in support of the Strategic Objectives. The Regulator aims to continue to give full effect to her statutory remit, through the application of forward planning, continuous improvement, and strategic deployment of the powers given to her under the Act and the Licence.

The following statements incorporate the core purpose and strategic focus of the Regulator's Office during 2017.

### The Regulator's Vision

The Regulator's vision is a safe, sustainable, properly run National Lottery maximising funds for good causes.

### The Regulator's Mission

The Regulator's mission is to achieve this vision by:

- Overseeing the operations of the National Lottery and enforcing compliance as required
- Considering proposals from the Operator and approving them as appropriate
- Managing and controlling the National Lottery Fund
- Exercising the enforcement rights of trademarks of the National Lottery
- Ensuring best practice in governance is adopted in the management and governance of the Office

### The Regulator's Values

The Regulator has adopted values for the Office of the Regulator to apply in its activities. These values are to:

- Maintain independence
- Act always with impartiality and integrity
- Work in a professional and effective way
- Meet our unique challenges and be innovative in our approach
- Maintain transparency in our work
- Value our people

## 1.8.2 Corporate Governance

*The Office was an early adopter of the provisions within the Code of Governance in relation to the Annual Financial Statements*

### Corporate Governance Code of Practice

The Governance Practice of the Office of the Regulator of the National Lottery is based on the updated Code of Practice for the Governance of State Bodies ("the Code") which came into effect on 1 September 2016. The Office was an early adopter of the provisions of the Code in relation to the Annual Financial Statements. The provisions of the Code have been adopted as appropriate by the Office in the context of the requirements of the National Lottery Act 2013.

The Office of the Regulator of the National Lottery was established in 2014 in accordance with the National Lottery Act 2013, which provides for an individual office holder without a board. Where appropriate, the Office has adapted the Code in a manner relevant to its structure. For example, the requirements pertaining to board appointments, board meetings, and board committees are not applicable to the Office but the Regulator performs relevant functions of a board such as approving annual budgets and reporting to the Minister on the Office's compliance with its responsibilities.

A Corporate Governance Assurance Agreement, including derogations and adaptations appropriate to the structure of the Office, was entered into with the Minister for Public Expenditure and Reform which formally agreed and documented compliance by this Office with the Code.

### Ethics in Public Office

The Office is included in Statutory Instrument No.36 of 2015 for the purposes of the Ethics in Public Office Acts, 1995 and 2001. The Regulator and relevant staff have fulfilled their obligations under this legislation.

### Protected Disclosures

In accordance with Section 214 of the Protected Disclosures Act 2014 the Office has established and maintains procedures to make protected disclosures in relation to the Office and its work and for dealing with such disclosures.

In respect of 2017, no disclosures were made to the Office under the Protected Disclosures Act 2014.

## 1.8.3 Resources and Staffing

### Funding

The operations of the Regulator are funded by a levy on the Operator in accordance with Section 24 of the Act. The levy for 2015, the first full year of operations, was set in the Licence at €1,500,000. Thereafter, it is indexed annually in line with the Consumer Price Index.

The levy for 2017 was €1,495,500.

## Staff

The Regulator has Ministerial sanction for 10 staff (including the Regulator). At the end of 2017 there were 6 positions filled and 4 vacancies. The 4 vacancies were all in the administration area.

In the last quarter of 2017, the Regulator conducted a workforce planning exercise with a view to learning from the Office's experience to date of the skills and experience required in house and securing the recruitment and retention of suitable staff. This exercise led to a business case for regrading and restructuring some of the sanctioned posts. The business case was sent to the Department of Public Expenditure and Reform in 2018 for Ministerial approval. Approval was received in April 2018. The Office of the Regulator of the National Lottery will have 10 staff when the restructured and regraded posts are filled following recruitment.

## 1.8.4 Annual Report and Accounts

The Annual Accounts of the Regulator for 2017 were prepared and submitted to the Comptroller and Auditor General for audit. These Accounts have been audited and are set out in Section 2 of this document.

The Regulator oversaw the annual financial statements and accounting policy, risk management, and internal control and value for money issues.

## 1.8.5 Internal Audit

The Regulator agreed a programme of internal audits which were conducted in 2017 by EisnerAmper, the Office's appointed internal auditors. A number of separate audits on the internal controls, risk management and compliance with the Code of Practice for the Governance of State Bodies 2016 were conducted by the internal auditors with reports being submitted to the Regulator. Action plans were prepared by the Regulator's executive to address audit findings.

## 1.8.6 Risk Management

The Office is exposed to a variety of strategic, operational, and financial risks in undertaking its role and functions. These risks may arise from internal or external sources and may prevent or affect the ability of the Office to achieve its objectives.

In line with best practice, the Office has a risk management policy for identifying, evaluating and managing the risks it faces. An executive Risk Committee has been established; its role is to advise the Regulator on risk matters and ensure that there are adequate systems in place. The Risk Committee monitors and updates the Corporate Risk Register on an ongoing basis. The Committee reviews the Risk Register on an annual basis. High ranking risks, new risks and changing risks on the Risk Register are reviewed a further twice per year.

## 1.8.7 Legislative Requirements

### Official Languages

The Regulator is compliant with the Official Languages legislation.

## Freedom of Information

The Regulator came within scope of the Freedom of Information Act 2014 on 14 April 2015. The Office has policies and procedures in place that are up to date with the current legislation governing freedom of information requests. In compliance with Section 8 of the Freedom of Information Act 2014 the Office prepared and published a Publication Scheme having regard to the principles of openness, transparency, and accountability.

The Office received 13 freedom of information requests during 2017; none of these related to personal information. Of these, 2 requests were subjected to internal review and 1 request was appealed to the Office of the Information Commissioner which, on 22 November 2017, affirmed in full the decision of this Office's decision maker. Details of non-personal requests are published in the Regulator's Freedom of Information Disclosure Log, which is available on this Office's website as is a copy of the OIC's decision. See <http://www.rnl.ie/about-us/freedom-of-information/>

## Energy Consumption

The Regulator of the National Lottery has one office, which is located in the Irish Life Centre. The office is situated on one floor of a multi occupancy office building. The floor area leased does not exceed 1,000 square metres where a Display Energy Certificate is required.

The Regulator reports on energy performance to the Sustainable Energy Authority of Ireland under SI No 542/2009 – European Communities (Energy End Use Efficiency and Energy Services) Regulations 2009.

In 2017, the Regulator of the National Lottery consumed 26.04 MWh of energy, consisting of:

- 11.44 MWh of electricity and
- 14.60 MWh of fossil fuels (heating)

# Appendix A: PLI's Performance Standards

This information is extracted from a Report provided to the Regulator by the Operator.

| Year to 31 December 2017   | Standard                                     | Achieved Performance | Forecast for 2018 |
|--|--|----------------------|-------------------|
| <b>Computer Systems</b>  |  |                      |                   |
| Terminal availability to sell tickets*   | 99% Availability                             | 99.99%               | 99.5%             |
| Gaming system availability   | 99% Availability                             | 99.99%               | 99.5%             |
| Website availability   | 99% Availability                             | 99.93%               | 99.5%             |
| <b>Prize Payment</b>   |  |                      |                   |
| Claims greater than €1,000 paid by cheque following a visit to National Lottery HQ | 95% within 3hrs<br>5% within 20 working days | 100%                 | 98%<br>2%         |
| Claims greater than €1,000 paid by cheque following a postal claim                 | 95% within 5 days<br>5% within 20 days       | 100%                 | 98%<br>2%         |

\*7am to 10pm, excluding draw break, 7 days a week, excluding Christmas Day and prearranged outages.

| Year to 31 December 2017                                | Standard         | Achieved Performance | Forecast for 2018 |
|---|------------------|----------------------|-------------------|
| <b>Player Services – Voice Contact</b>                  |                  |                      |                   |
| Service availability*                                   | 99% Availability | 100%                 | 100%              |
| Calls answered within 30 seconds                        | 70%              | 93.22%               | 90%               |
| <b>Player Services – Written Contact</b>                |                  |                      |                   |
| Service availability**                                  | 99% Availability | 100%                 | 100%              |
| Letters answered within 5 working days                  | 80%              | 90.08%               | 80%               |
| Emails answered within 2 working days                   | 80%              | 94.40%               | 95%               |
| Responses to complaints within 10 working days          | 95%              | 100%                 | 95%               |
| Resolution of complaints and enquiries at first attempt | 80%              | 96.72%               | 95%               |

\*8am to 8pm, 7 days a week, excluding Christmas Eve, Christmas Day and New Year's Day

\*\*9:15am to 5:30pm, Monday to Friday, excluding Christmas Eve and public holidays.



# Appendix B: Regular Reports Received from the Operator


| Report   | Frequency    |
|--|--------------|
| Good Causes Annual Report and External Auditors Report thereon                                     | Annually     |
| Audited Accounts of Premier Lotteries Ireland DAC  | Annually     |
| External Auditors Report on PLI's Internal Controls  | Annually     |
| External Auditors Report on PLI's Connected Parties  | Annually     |
| Annual Performance Standards Report  | Annually     |
| Internal Audit Annual Plan   | Annually     |
| Base Marketing Annual Budget   | Annually     |
| Annual Activity Report   | Annually     |
| Monthly Management Accounts  | Monthly      |
| Secure Areas Report  | Monthly      |
| IT Incident Monthly Log Report   | Monthly      |
| Speed of Prize Payments  | Monthly      |
| Descriptions Updates   | Monthly      |
| Directors and Senior Manager Changes   | Monthly      |
| Unclaimed Prizes Report  | Periodically |
| Incremental Marketing Report   | Annually     |
| Complaints Report  | Monthly      |
| Good Causes Report   | Quarterly    |
| Internal Audit Report  | Quarterly    |
| Minutes of Audit Risk and Security Committee Meetings  | Quarterly    |
| Complaints Update  | Weekly       |
| Trading and IT Update  | Weekly       |
| Weekly Settlements   | Weekly       |
| TV Game Show Prizes Report   | Weekly       |
| Audit Risk and Security Committee report on the effectiveness of PLI's system of internal controls | Annually     |
| Engagement letter with External Auditor  | Annually     |
| Risk Registers (Corporate and IT)  | Annually     |
| Contact Centre Metrics Report  | Monthly      |
| Player Protection Reports  | Quarterly    |
| Annual Confirmation of Bank Accounts   | Annually     |
| Scratch Card Game End Reports  | At Game End  |

# Appendix C: Requests for Approval or Consent under the Licence

Received from 1 January 2017 to 31 December 2017


| Request No. | Date     | Approval Required     | Game/Service Information  | Amended/<br>Further Info. sought | Status at 31 December 2017 |           |          |         |
|-------------|----------|-----------------------|---|----------------------------------|----------------------------|-----------|----------|---------|
|             |          |                       |   |                                  | Ongoing                    | Withdrawn | Approved | Refused |
| 1.          | 06/01/17 | Section 45            | 166 "€100,000 Diamonds"   | No                               |                            |           | Approved |         |
| 2.          | 08/03/17 | Section 45            | 161 Winning Streak (Amended)                                    | Yes                              |                            |           | Approved |         |
| 3.          | 10/03/17 | Section 45            | 174 €2 Monopoly   | Yes                              |                            |           |          | Refused |
| 4.          | 10/03/17 | Section 45            | 173 €3 Monopoly   | Yes                              |                            |           |          | Refused |
| 5.          | 10/03/17 | Section 45            | 172 €5 Monopoly   | Yes                              |                            |           |          | Refused |
| 6.          | 10/03/17 | Section 45            | 171 €10 Monopoly  | Yes                              |                            |           |          | Refused |
| 7.          | 15/03/17 | Clause 14             | Scheme for the Calibration and Testing of New Lottery Ball Sets | Yes                              |                            | Withdrawn |          |         |
| 8.          | 23/03/17 | Section 45            | 176 Holiday Cash  | Yes                              |                            |           | Approved |         |
| 9.          | 24/03/17 | Section 45            | Extension to temporary approval of IWGs - to 30/06/17           | Yes                              |                            |           | Approved |         |
| 10.         | 05/05/17 | Clause 9.9            | Approval for Relevant Promotional Activities                    | No                               |                            |           |          | Refused |
| 11.         | 12/05/17 | Clause 9 - Schedule 5 | Amendment to Advertising and Promotion Code of Practice         | Yes                              |                            |           |          | Refused |
| 12.         | 18/05/17 | Section 9             | Treasure Tripler IWG  | No                               |                            |           |          | Refused |
| 13.         | 18/05/17 | Section 45            | Keno Multiplier IWG   | No                               |                            |           |          | Refused |
| 14.         | 18/05/17 | Section 45            | 176 Holiday Cash (Amended)                                      | No                               |                            |           | Approved |         |
| 15.         | 19/05/17 | Clause 19             | PLI Corporate Matter  | Yes                              |                            |           | Approved |         |
| 16.         | 21/06/17 | Section 45            | 165 All Cash & 163 All Cash Gold Game Rules                     | No                               |                            |           | Approved |         |
| 17.         | 27/06/17 | Section 45            | Extension to temporary approval of IWGs - to 30/09/17           | No                               |                            |           | Approved |         |
| 18.         | 04/07/17 | Section 45            | 178 Winning Streak (Amended)                                    | Yes                              |                            |           | Approved |         |
| 19.         | 06/07/17 | Section 45            | Christmas Millionaire Raffle 2017 (Draw Based Game)             | Yes                              |                            |           | Approved |         |

| Request No. | Date     | Approval Required     | Game/Service Information  | Amended/<br>Further Info. sought | Status at 31 December 2017 |           |          |         |
|-------------|----------|-----------------------|---|----------------------------------|----------------------------|-----------|----------|---------|
|             |          |                       |   |                                  | Ongoing                    | Withdrawn | Approved | Refused |
| 20.         | 07/07/17 | Section 45            | Amendment to Game Rules (Lotto, Lotto Plus, Daily Million Plus, All Cash & All Cash Gold) | Yes                              |                            |           | Approved |         |
| 21.         | 26/07/17 | Section 45            | Subscription Service  | Yes                              |                            |           |          | Refused |
| 22.         | 28/07/17 | Section 45            | 179 Cash Cracker  | Yes                              |                            |           | Approved |         |
| 23.         | 28/07/17 | Section 45            | 181 Merry Money   | Yes                              |                            |           | Approved |         |
| 24.         | 28/07/17 | Section 45            | 182 Christmas Countdown   | Yes                              |                            |           | Approved |         |
| 25.         | 28/07/17 | Section 45            | 180 Hampers Sweets & Treats   | Yes                              |                            |           | Approved |         |
| 26.         | 14/08/17 | Clause 8 - Schedule 5 | Participants' Code of Practice - Winning Streak   | Yes                              |                            |           | Approved |         |
| 27.         | 16/08/17 | Section 45            | 90 Bingo IWG  | Yes                              |                            |           |          | Refused |
| 28.         | 17/08/17 | Section 45            | Website Terms & Conditions  | No                               |                            | Withdrawn |          |         |
| 29.         | 06/09/17 | Section 45            | Extension to temporary approval of IWGs - to 31/12/17                                     | Yes                              |                            |           | Approved |         |
| 30.         | 07/09/17 | Clause 8 - Schedule 5 | Sales Code of Practice - Winning Streak   | Yes                              |                            |           | Approved |         |
| 31.         | 20/09/17 | Section 45            | Safe Cracker IWG  | Yes                              |                            |           |          | Refused |
| 32.         | 27/09/17 | Clause 18.3           | Creative Advertising Services Contract  | Yes                              |                            |           | Approved |         |
| 33.         | 13/10/17 | Section 45            | 178 Winning Streak (Amended)  | Yes                              |                            |           | Approved |         |
| 34.         | 19/10/17 | Section 45            | 197 Zodiac Fortune  | Yes                              |                            |           |          | Refused |
| 35.         | 10/11/17 | Clause 8 - Schedule 5 | Sales Code of Practice - Annual Review  | Yes                              | Ongoing                    |           |          |         |
| 36.         | 10/11/17 | Clause 8 - Schedule 5 | Participants' Code of Practice - Annual Review  | Yes                              | Ongoing                    |           |          |         |
| 37.         | 14/11/17 | Section 45            | Extension to temporary approval of IWGs - to 31/03/18                                     | No                               |                            |           | Approved |         |
| 38.         | 16/11/17 | Clause 9 - Schedule 5 | Advertising and Promotion Code of Practice - Annual Review                                | Yes                              | Ongoing                    |           |          |         |
| 39.         | 27/11/17 | Section 45            | Crossword IWG   | No                               |                            | Withdrawn |          |         |
| 40.         | 07/12/17 | Section 45            | 167 Lucky 7s  | Yes                              | Ongoing                    |           |          |         |
| 41.         | 08/12/17 | Section 45            | 196 Diamond Delux Doubler   | Yes                              | Ongoing                    |           |          |         |

 = Game related request



## 2. Regulator of the National Lottery Financial Statements 2017



# General Information

**Regulator of the National Lottery**

Carol Boate

**Address**Block D  
Irish Life Centre Dublin 1  
D01 W2H4**Bankers**AIB plc.  
40/41 Westmoreland Street  
Dublin 2  
D02 VY45Bank of Ireland  
6 O'Connell Street Lower  
Dublin 1  
D01 X324**Solicitors**Mason Hayes & Curran  
South Bank House  
Barrow Street  
Dublin 4  
D04 TR29Byrne Wallace  
87/88 Harcourt Street  
Dublin 2  
D02 DK18**Auditors**Comptroller and Auditor  
General 3A Mayor Street Upper  
Dublin 1  
D01 PF72

# Report of the Comptroller and Auditor General

## Opinion on financial statements

I have audited the financial statements of the Regulator of the National Lottery for the year ending 31 December 2017 as required under the provisions of section 22 of the National Lottery Act 2013. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of the significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Regulator of the National Lottery at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 - *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

## Basis of opinion

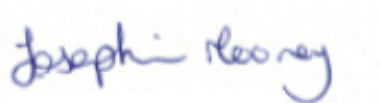
I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Regulator of the National Lottery and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Report on information other than the financial statements, and on other matters

The Regulator of the National Lottery has presented certain other information together with the financial statements. This comprises the annual report including the statement on internal control and the governance statement and statement of responsibilities. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



**Josephine Mooney**  
**For and on behalf of the**  
**Comptroller and Auditor General**

19 June 2018

# Appendix to the report of the Comptroller and Auditor General

## Responsibilities of the Regulator of the National Lottery (the Regulator)

The governance statement and statement of responsibilities sets out the Regulator's responsibilities. The Regulator is responsible for

- the preparation of financial statements in the form prescribed under section 22 of the National Lottery Act 2013
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as the Regulator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Responsibilities of the Comptroller and Auditor General

I am required under section 22 of the National Lottery Act 2013 to audit the financial statements of the Regulator of the National Lottery and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regulator of the National Lottery's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Regulator of the National Lottery to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Appendix to the report of the Comptroller and Auditor General

I communicate with the Regulator of the National Lottery, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

## Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records

# Statement On Internal Control

## Scope of Responsibility

I acknowledge my responsibility for ensuring that an effective system of internal control is maintained and operated in relation to the Office of the Regulator of the National Lottery. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

## Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Office of the Regulator of the National Lottery for the year ended 31 December 2017 and up to the date of approval of the financial statements.

## Capacity to Handle Risk

The Office of the Regulator of the National Lottery is established under the National Lottery Act 2013 as a single office holder. Under statute the Office is constituted without a Board.

The Office of the Regulator of the National Lottery has established an internal audit function which is adequately resourced and conducts a programme of work agreed with me.

The Office of the Regulator has developed a risk management policy which sets out the risk appetite, the risk management processes in place and the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the Office of the Regulator of the National Lottery's risk management policies, to alert management on emerging risks and control weaknesses and to assume responsibility for risks and controls within their own area of work.

## Risk and Control Framework

The Office of the Regulator of the National Lottery has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office of the Regulator of the National Lottery and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Regulator three times a year. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibilities for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,

# Statement On Internal Control

- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

## Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budget/forecasts.

## Procurement

I confirm that the Office of the Regulator of the National Lottery has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2017 the Office of the Regulator of the National Lottery complied with those procedures.

## Review of Effectiveness

I confirm that the Office of the Regulator of the National Lottery has procedures in place to monitor the effectiveness of its risk management and control procedures. The Office of the Regulator of the National Lottery's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors and the senior management within the Office of the Regulator of the National Lottery responsible for the development and maintenance of the internal control framework.

I confirm that an annual review of the effectiveness of the system of internal control was carried out in respect of 2017 and completed by 31 March 2018.

## Internal Control Issues

No weaknesses in internal control were identified in relation to 2017 that require disclosure in the financial statements



**Carol Boate**  
**Regulator of the National Lottery**

**Date** 15 June 2018

# Governance Statement and Statement of Responsibilities

## Governance

The Office of the Regulator of the National Lottery was established under the National Lottery Act, 2013 (“the Act”). The functions of the Regulator are set out in Section 9 of the Act. The Regulator shall, subject to the Act, be independent in the performance of her functions. The Regulator is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The Regulator is accountable to the Minister for Public Expenditure and Reform.

The regular day-to-day management, control and direction of the Office of the Regulator of the National Lottery are the responsibility of the Regulator and the senior management team. The senior management team must follow the broad strategic direction set by the Regulator. The Regulator must ensure that the senior management team have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise.

## Regulator Responsibilities

The work and responsibilities of the Regulator are set out in the Act. Section 22 of the Act requires the Regulator to keep, in such form as may be approved by the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it for audit by the Comptroller & Auditor General.

In preparing these financial statements, the Regulator of the National Lottery is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Office of Regulator of the National Lottery will continue in operation; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Regulator is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 22 of the Act. The Regulator is responsible for submitting such financial statements to the Comptroller and Auditor General for audit and for the presentation of these financial statements and the report of the Comptroller and Auditor General to the Minister, together with a report by the Regulator in relation to the performance of her functions.

The maintenance of the corporate and financial information on the Office of the Regulator of the National Lottery’s website is the responsibility of the Regulator.

The Regulator is responsible for approving the annual plan and budget.

The Regulator is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Regulator considers that the financial statements of the Office of the Regulator of the National Lottery give a true and fair view of the financial performance and the financial position of the Office of the Regulator of the National Lottery at 31 December 2017.

# Governance Statement and Statement of Responsibilities

The Regulator has established two committees, as follows:

- 1. Finance Committee:** comprises the Deputy Regulator/Head of Audit and Finance, the Accountant and the Corporate Affairs Manager with an external consultant in attendance and the Regulator with right of attendance. The role of the Finance Committee is to advise senior management on matters relating to the Office's finances, accounting, third-party financial returns and dealings with the Office's internal and external auditors. There were six meetings of the Finance Committee in 2017.
- 2. Risk Committee:** comprises the senior management team (six members). The role of the Risk Committee is to support the Regulator in relation to her responsibilities for issues of risk and control. There were three meetings of the Risk Committee in 2017.

## Key Personnel Changes

The first Regulator, Liam Sloyan, was appointed on 17 November 2014 and resigned on 3 May 2017. I was appointed Regulator of the National Lottery on 9 October 2017. The Minister for Public Expenditure and Reform performed the functions of the Regulator during the period when the position of Regulator was vacant, in compliance with Section 8 of the National Lottery Act, 2013.

## Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

The Regulator is responsible for ensuring that the Office of the Regulator of the National Lottery has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

## Aggregate Employee Benefits

|   | 2017<br>€             | 2016<br>€             |
|---|-----------------------|-----------------------|
| Staff short-term benefits                 | 466,652               | 522,050               |
| Termination benefits                      | -                     | -                     |
| Employer pension contributions            | 89,288                | 87,732                |
| Employer's contribution to social welfare | <u>46,503</u>         | <u>52,030</u>         |
|   | <b><u>602,443</u></b> | <b><u>661,812</u></b> |

The total number of staff employed (WTE) at year end was 6 (2016: 8).

## Staff Short-Term Benefits

All staff short-term benefits are in respect of basic pay.

|           | 2017<br>€             | 2016<br>€             |
|-----------|-----------------------|-----------------------|
| Basic pay | <b><u>466,652</u></b> | <b><u>522,050</u></b> |

# Governance Statement and Statement of Responsibilities

## Termination Benefits

No termination benefits arose in the year.

## Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

### Range of Total Employee Benefits (excluding employer pension costs)

| From    | To        | Number of Employees |      |
|---------|-----------|---------------------|------|
|         |           | 2017                | 2016 |
| €       | €         |                     |      |
| 60,000  | - 69,999  | -                   | 2    |
| 70,000  | - 79,999  | 3                   | 1    |
| 80,000  | - 89,999  | 1                   | 1    |
| 90,000  | - 99,999  | -                   | -    |
| 100,000 | - 109,999 | -                   | -    |
| 110,000 | - 119,999 | -                   | 1    |

## Key Management Personnel

Key management personnel in the Office of the Regulator of the National Lottery consists of the Regulator and five senior managers.

|                                | 2017                  | 2016                  |
|--------------------------------|-----------------------|-----------------------|
|                                | €                     | €                     |
| Salary                         | 425,189               | 445,640               |
| Employer pension contributions | <u>86,440</u>         | <u>89,493</u>         |
|                                | <b><u>511,629</u></b> | <b><u>535,133</u></b> |

The key management personnel are members of the Office of the Regulator of the National Lottery's pension scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

# Governance Statement and Statement of Responsibilities

## Regulator Salary and Benefits

The Regulator remuneration package for the financial period was as follows:

|                                | <b>2017</b>          | <b>2016</b>           |
|--------------------------------|----------------------|-----------------------|
|                                | <b>€</b>             | <b>€</b>              |
| Basic pay                      | 69,690               | 113,697               |
| Employer pension contributions | <u>16,991</u>        | <u>28,640</u>         |
|                                | <b><u>86,681</u></b> | <b><u>142,337</u></b> |

As noted in Key Personnel Changes above, the previous Regulator resigned on 3 May 2017 and the new Regulator was appointed on 9 October 2017. The amounts disclosed above are the total amounts of Regulator remuneration in the financial period. The previous Regulator received salary payments for 2017 of €46,778 (2016: €113,697) and the new Regulator received salary payments for 2017 of €22,912 (2016: nil).

As noted in Key Management Personnel above, the Regulator is a member of the Office of the Regulator of the National Lottery's pension scheme, and her entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

## Consultancy Costs

Included in professional fees in the financial statements of €119,403 (2016: €139,438) are consultancy costs which are the cost of external advice to the Regulator and exclude outsourced "business-as-usual" functions.

| <b>Consultancy Costs</b>   | <b>2017</b>          | <b>2016</b>           |
|----------------------------|----------------------|-----------------------|
|                            | <b>€</b>             | <b>€</b>              |
| Legal services             | 56,275               | 72,161                |
| Tax and financial advisory | 4,476                | 15,528                |
| Lottery consultancy        | 2,747                | 10,962                |
| IT and Other               | <u>22,473</u>        | <u>9,512</u>          |
|                            | <b><u>85,971</u></b> | <b><u>108,163</u></b> |

All amounts disclosed as legal services are in respect of legal fees.

## Travel and Subsistence

| <b>Travel and Subsistence</b> | <b>2017</b>         | <b>2016</b>         |
|-------------------------------|---------------------|---------------------|
|                               | <b>€</b>            | <b>€</b>            |
| Domestic                      | 86                  | 144                 |
| International                 | <u>972</u>          | <u>1,144</u>        |
|                               | <b><u>1,058</u></b> | <b><u>1,288</u></b> |

€430 (2016: €518) of the above was paid to the previous Regulator. No other expenses were paid to the Regulator.

# Governance Statement and Statement of Responsibilities

## Hospitality Expenditure

An amount of €277 (2016: €217) was paid in respect of staff hospitality.

## Statement of Compliance

The Office of the Regulator of the National Lottery has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exceptions:

- The structure of the Office of the Regulator of the National Lottery is as a single office holder. Compliance with those parts of the Code dealing with Boards, Board structures and Chairpersons has been achieved by amendment of the Code of Practice for the Governance of the Office of the Regulator of the National Lottery to recognise a single office holder.
- The requirements of the Oversight Agreement and the Performance Delivery Agreement have been complied with by agreement with DPER of a Corporate Governance Assurance Agreement for the Office of the Regulator of the National Lottery.



**Carol Boate**  
**Regulator of the National Lottery**

**Date** 15 June 2018



# Statement of Income and Expenditure and Retained Revenue Reserves

## for the financial year ended 31 December 2017

|   | Notes | Year ended<br>31 December<br>2017<br>€ | Year ended<br>31 December<br>2016<br>€ |
|---|-------|--|--|
| Income  | 3     | 1,495,500                              | 1,495,500                              |
| Administration costs                              | 4     | (960,614)                              | (1,050,826)                            |
| <b>Operating surplus</b>                          |       | 534,886                                | 444,674                                |
| Interest receivable                               |       | 109                                    | 129                                    |
| <b>Surplus for the year</b>                       |       | <b><u>534,995</u></b>                  | <b><u>444,803</u></b>                  |
| <b>Retained earnings at the start of the year</b> |       | <b><u>1,351,136</u></b>                | <b><u>906,333</u></b>                  |
| <b>Retained earnings at the end of the year</b>   |       | <b><u>1,886,131</u></b>                | <b><u>1,351,136</u></b>                |

All recognised gains and losses for both the current year and previous period are included in the income statement and arise from continuing operations.

Notes 1 to 12 form part of these Financial Statements.



**Carol Boate**  
**Regulator of the National Lottery**

**Date** 15 June 2018

# Statement Of Financial Position

## as at 31 December 2017

|  | Notes | 2017<br>€               | 2016<br>€               |
|--|-------|-------------------------|-------------------------|
| <b>NON-CURRENT ASSETS</b>                                  |       |                         |                         |
| Property, plant and equipment                              | 6     | <u>10,900</u>           | <u>18,057</u>           |
| <b>CURRENT ASSETS</b>                                      |       |                         |                         |
| Debtors  | 7     | 110,331                 | 106,203                 |
| Cash and cash equivalents                                  |       | <u>2,174,626</u>        | <u>1,611,253</u>        |
|  |       | 2,284,957               | 1,717,456               |
| <b>CREDITORS<br/>(amounts falling due within one year)</b> |       |                         |                         |
| Creditors and accruals                                     | 8     | <u>(409,726)</u>        | <u>(384,377)</u>        |
| <b>NET CURRENT ASSETS</b>                                  |       | <u>1,875,231</u>        | <u>1,333,079</u>        |
| <b>NET ASSETS</b>  |       | <u><b>1,886,131</b></u> | <u><b>1,351,136</b></u> |
| REPRESENTED BY   |       |                         |                         |
| Accumulated retained earnings                              | 10    | <u><b>1,886,131</b></u> | <u><b>1,351,136</b></u> |

Notes 1 to 12 form part of these Financial Statements.



**Carol Boate**  
Regulator of the National Lottery

**Date** 15 June 2018

# Statement Of Financial Cashflows

## for the financial year ended 31 December 2017

|   | Notes | Year ended<br>31 December<br>2017<br>€ | Year ended<br>31 December<br>2016<br>€ |
|---|-------|--|--|
| <b>Net cash flows from operating activities</b>                         |       |  |  |
| Operating surplus for the year  |       | 534,886                                | 444,674                                |
| Depreciation  | 6     | 11,770                                 | 10,362                                 |
| (Increase) / Decrease in debtors  |       | (4,128)                                | 930,632                                |
| Increase / (Decrease) in creditors                                      |       | <u>25,349</u>                          | <u>123,075</u>                         |
| <b>Net cash inflow from operating activities</b>                        |       | <b>567,877</b>                         | <b>1,508,743</b>                       |
| <b>Cash flow from investing activities</b>                              |       |  |  |
| Payments to acquire property,<br>plant and equipment                    | 6     | (4,613)                                | (4,159)                                |
| <b>Cash flow from financing activities</b>                              |       |  |  |
| Interest received   |       | 109                                    | 129                                    |
| <b>Increase in cash and cash equivalents</b>                            |       | <b><u>563,373</u></b>                  | <b><u>1,504,713</u></b>                |
| <b>Cash and cash equivalents at the start<br/>of the financial year</b> |       | <b><u>1,611,253</u></b>                | <b><u>106,540</u></b>                  |
| Cash and cash equivalents at the end<br>of the financial year           |       | <b><u>2,174,626</u></b>                | <b><u>1,611,253</u></b>                |

Notes 1 to 12 form part of these financial statements.



**Carol Boate**  
Regulator of the National Lottery

**Date** 15 June 2018

# Notes (forming part of the financial statements)

## for the year ended 31 December 2017

### 1. Accounting Policies

The significant accounting policies adopted by the Regulator of the National Lottery are set out below. They have been applied consistently throughout the year and the preceding period.

#### (a) Statement of Compliance

The financial statements have been prepared in compliance with Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102") issued by the Financial Reporting Council.

#### (b) Basis of Preparation

The financial statements are prepared on the accruals basis in accordance with generally accepted accounting principles and under the historical cost convention.

#### (c) Levy Income

Levy income represents the amount receivable under the licence by the Regulator from the operator of the National Lottery in respect of the period.

#### (d) Expenditure Recognition

Expenditure is recognised in the financial statements on an accruals basis as it is incurred.

#### (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation, charged to the Statement of Income and Expenditure, is calculated in order to write off the cost of assets over their estimated useful lives, under the straight-line method, at the annual rate of 33 1/3% for computer equipment and telephone system, and 20% for all other assets from date of acquisition.

#### (f) Foreign Currencies

The financial statements are presented in Euro (€).

Transactions denominated in foreign currencies are converted into euro during the year and are included in the Statement of Income and Expenditure for the year.

Monetary assets and liabilities denominated in foreign currencies are converted into euro at exchange rates ruling at the balance sheet date and resulting gains and losses are included in the Statement of Income and Expenditure for the year.

# Notes (forming part of the financial statements)

## for the year ended 31 December 2017

### (g) Employee benefits

#### Short-term benefits

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Creditors and accruals figure in the Statement of Financial Position.

#### Retirement benefits

The National Lottery Act 2013 provides that the Regulator may, with the consent of the Minister for Public Expenditure and Reform, determine the conditions of service of staff.

The Regulator is currently establishing pension arrangements in respect of all employees in cooperation with the Department and is making the necessary deductions from salaries, which are being retained by the Regulator for future transmission to the Department, but not recognised as income. The Regulator is providing for employer contributions at a rate of 25% for non-Single Scheme and at a rate of three times employee contributions for Single Scheme members. Subject to finalisation of the arrangements with the Department, the Regulator does not consider it is probable that the office of Regulator will be required to transfer resources embodying economic benefits (other than for normal employer contributions) for benefits payable to members. Actuarial risk and investment risk are not expected to arise for the Office of the Regulator.

As a result the accounting policy with regard to pensions is to treat them as a defined contribution plan in accordance with FRS 102. See note 9 for further details.

### (h) Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

#### Depreciation and Residual Values

The Regulator has reviewed the useful lives and associated residual values of all fixed asset classes and has concluded that the useful lives and residual values are appropriate.

## 2. Establishment of the office of Regulator of the National Lottery

The Office of Regulator of the National Lottery, which is located at Block D Irish Life Centre Dublin 1, was established under Section 7 of the National Lottery Act 2013 and the holder of the Office is known as the Regulator of the National Lottery. The first Regulator of the National Lottery was appointed on 17 November 2014 and resigned on 3 May 2017. The second Regulator of the National Lottery was appointed on 9 October 2017.

These financial statements are presented for the year ended 31 December 2017. Comparative amounts are in respect of the year ended 31 December 2016.

Details in respect of the operations of the Regulator and its principal activities are included in the Report of the Regulator in Section 1.

# Notes (forming part of the financial statements)

## for the year ended 31 December 2017

### 3. Income

Section 24 of the National Lottery Act 2013 provides for the payment of an annual levy by the operator of the National Lottery to the Regulator. The amount of the levy, as specified in the licence with the operator, is €1,500,000 per annum, subject to indexation with the Consumer Price Index. For 2017, the average Consumer Price Index of 0.0% for the 12 months ended 31 December 2016 as published by the Central Statistics Office on 19 January 2017 was applied by the operator.

|                           | <b>2017</b>      | <b>2016</b>      |
|---------------------------|------------------|------------------|
|                           | <b>€</b>         | <b>€</b>         |
| Levy income, for the year | <u>1,495,500</u> | <u>1,495,500</u> |

### 4. Administration Costs

|  | <b>2017</b>           | <b>2016</b>             |
|--|-----------------------|-------------------------|
|  | <b>€</b>              | <b>€</b>                |
| Salaries and staff costs                 | 602,443               | 661,812                 |
| Professional fees (Note 5)               | 119,403               | 139,438                 |
| External audit                           | 10,500                | 10,500                  |
| Internal audit                           | 18,590                | 9,229                   |
| Rent, service charges and maintenance    | 123,801               | 119,592                 |
| Cleaning, heat and light                 | 5,858                 | 5,381                   |
| Insurances                               | 18,776                | 21,117                  |
| Travel and subsistence                   | 1,058                 | 1,288                   |
| Recruitment costs                        | -                     | (335)                   |
| Training costs and memberships           | 14,899                | 14,555                  |
| Office supplies and equipment            | 5,969                 | 15,437                  |
| Information and communication technology | 17,638                | 29,782                  |
| Publications                             | 3,542                 | 6,357                   |
| Depreciation                             | 11,770                | 10,362                  |
| Other administration costs               | <u>6,367</u>          | <u>6,311</u>            |
|  | <b><u>960,614</u></b> | <b><u>1,050,826</u></b> |

# Notes (forming part of the financial statements)

## for the year ended 31 December 2017

### 5. Professional Fees

|                              | <b>2017</b>           | <b>2016</b>           |
|------------------------------|-----------------------|-----------------------|
|                              | <b>€</b>              | <b>€</b>              |
| Legal services               | 56,275                | 72,161                |
| Tax and financial advisory   | 4,476                 | 15,528                |
| Public relations/marketing   | 29,520                | 29,520                |
| Pensions and human resources | 3,912                 | 1,755                 |
| Lottery consultancy          | 2,747                 | 10,962                |
| IT and Other                 | <u>22,473</u>         | <u>9,512</u>          |
|                              | <b><u>119,403</u></b> | <b><u>139,438</u></b> |

### 6. Property, plant and equipment

|                           | <b>Computer<br/>Equipment</b> | <b>Office Fitting,<br/>Furniture &amp;<br/>Equipment</b> | <b>Telephone<br/>System</b> | <b>Office Fitting,<br/>Furniture &amp;<br/>Equipment</b> |
|---------------------------|-------------------------------|--|-----------------------------|--|
|                           | <b>€</b>                      | <b>€</b>   | <b>€</b>                    | <b>€</b>   |
| At 31 December 2016       | 26,143                        | 5,893  | 4,182                       | 36,218   |
| Additions during year     | 4,613                         | -  | -                           | 4,613  |
| Disposals during year     | -                             | -  | -                           | -  |
| At 31 December 2017       | <u>30,756</u>                 | <u>5,893</u>   | <u>4,182</u>                | <u>40,831</u>  |
| <b>Depreciation</b>       |                               |  |                             |  |
| At 31 December 2016       | 14,466                        | 1,488  | 2,207                       | 18,161   |
| Charge for year           | 9,197                         | 1,179  | 1,394                       | 11,770   |
| Depreciation on disposals | -                             | -  | -                           | -  |
| At 31 December 2017       | <u>23,663</u>                 | <u>2,667</u>   | <u>3,601</u>                | <u>29,931</u>  |
| <b>Net Book Value</b>     |                               |  |                             |  |
| At 31 December 2017       | <u>7,093</u>                  | <u>3,226</u>   | <u>581</u>                  | <u>10,900</u>  |
| At 31 December 2016       | <u>11,677</u>                 | <u>4,405</u>   | <u>1,975</u>                | <u>18,057</u>  |

## Notes (forming part of the financial statements) for the year ended 31 December 2017

### 7. Debtors

|                | <b>2017</b>           | <b>2016</b>           |
|----------------|-----------------------|-----------------------|
|                | <b>€</b>              | <b>€</b>              |
| Accrued income | 90,130                | 85,793                |
| Prepayments    | 17,873                | 18,205                |
| Travel Cards   | 2,328                 | 1,979                 |
| Cycle to Work  | -                     | 226                   |
|                | <u><b>110,331</b></u> | <u><b>106,203</b></u> |

### 8. Creditors (amounts falling due within one year)

|                              | <b>2017</b>           | <b>2016</b>           |
|------------------------------|-----------------------|-----------------------|
|                              | <b>€</b>              | <b>€</b>              |
| Trade creditors and accruals | 147,345               | 126,532               |
| Pension provision (Note 9)   | 178,961               | 187,066               |
| Sundry creditors/ Visa Card  | 277                   | 217                   |
| PAYE/PRSI                    | 13,548                | 21,602                |
| Pension related deduction    | 68,511                | 41,803                |
| Union deductions             | 161                   | 212                   |
| PSWT liability               | 800                   | 5,829                 |
| VAT liability                | 123                   | 1,116                 |
|                              | <u><b>409,726</b></u> | <u><b>384,377</b></u> |

### 9. Pension provision

A draft defined benefit pension scheme for the Office of the Regulator, based on the Public Service Model, was submitted to the Department of Public Expenditure and Reform for approval on 24th November 2015 and is awaiting approval. The contributions in the year, including employer contributions of 25% of pensionable pay for non-Single Scheme and of three times employee contributions for Single Scheme members, are charged to the Statement of Income and Expenditure. The accumulated contributions for the non-Single Scheme are held for the account of the Minister for Public Expenditure and Reform. Contributions in respect of the Single Scheme are transferred to the Exchequer, one month in arrears.

Benefit entitlements of employees will be a function of their service with the Office of the Regulator and of their previous service in the civil or public service, where appropriate. The Office of Regulator is not funded in respect of such benefit entitlements. It is not probable that the Office of Regulator will have an obligation to transfer resources embodying economic benefits (other than for normal employer contributions) for benefits payable to members. Actuarial risk and investment risk is not expected to arise for the Office of the Regulator.



# Notes (forming part of the financial statements)

## for the year ended 31 December 2017

As a result the requirements in FRS 102 with regard to defined benefit plans are not deemed to apply and no further disclosures are considered necessary.

Employer contributions of €89,288 (2016: €87,732) in respect of non-Single Scheme members and Single Scheme members was charged to the statement of income and expenditure and retained revenue reserves in the year.

### 10. Accumulated Retained Earnings

|  | <b>2017</b>      |
|--|------------------|
|  | <b>€</b>         |
| At beginning of year                     | 1,351,136        |
| Surplus for year                         | <u>534,995</u>   |
| Retained earnings at the end of the year | <u>1,886,131</u> |

### 11. Capital Commitments


There were no commitments for capital expenditure at 31 December 2017.

### 12. Approval of Financial Statements

The financial statements were approved by the Regulator of the National Lottery on 15th June 2018.



# 3. National Lottery Fund Financial Statements 2017



# National Lottery Fund

## Report of the Comptroller and Auditor General

### Opinion on financial statements

I have audited the financial statements of the National Lottery Fund prepared by the Regulator of the National Lottery for the year ending 31 December 2017 under section 44 of the National Lottery Act 2013. The financial statements comprise the account of receipts and payments, the reserve account and related notes.

In my opinion, the financial statements properly present

- the payments into and out of the National Lottery Fund for 2017, and
- the balance of the Fund at 31 December 2017.

### Basis of opinion

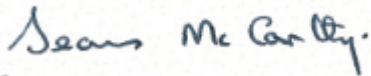
I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Regulator of the National Lottery and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Report on statement on internal control and on other matters

The Regulator of the National Lottery has presented a statement on internal control together with the financial statements. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



**Seamus McCarthy**  
Comptroller and Auditor General

**Date** 20 June 2018

# National Lottery Fund

## Appendix to the Report of the Comptroller and Auditor General

### Responsibilities of the Regulator of the National Lottery (the Regulator)

The governance and statement of responsibilities sets out the Regulator's responsibilities in relation to the financial statements. These are

- the preparation of financial statements as required by Section 44 of the National Lottery Act 2013
- ensuring that the financial statements properly present the National Lottery Fund's affairs at year-end and transactions in the year
- ensuring the regularity of transactions, and
- such internal control as the Regulator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 44 of the 2013 Act to audit the financial statements of the National Lottery Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

I communicate with the Regulator regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

# National Lottery Fund

## Appendix to the Report of the Comptroller and Auditor General

### Statement on Internal Control

My opinion on the financial statements does not cover the statement on internal control presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the statement on internal control presented and, in doing so, consider whether the information therein is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records

# National Lottery Fund

## Statement On Internal Control

### Scope of Responsibility

I acknowledge my responsibility for ensuring that an effective system of internal control is maintained and operated in relation to the National Lottery Fund. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016), as it applies to the Office of the Regulator and the National Lottery Fund.

### Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place for the National Lottery Fund for the year ended 31 December 2017 and up to the date of approval of the financial statements.

### Capacity to Handle Risk

The National Lottery Fund is established under section 8 of the National Lottery Act 1986 and is managed and controlled by the Regulator.

The Office of the Regulator has established an internal audit function which is adequately resourced and conducts a programme of work agreed with me, in respect of the National Lottery Fund.

The Office of the Regulator has developed a risk management policy which sets out the risk appetite, the risk management processes in place and the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff, who are expected to work within the Office of the Regulator of the National Lottery's risk management policies, to alert management on emerging risks and control weaknesses and to assume responsibility for risks and controls within their own area of work.

### Risk and Control Framework

The Office of the Regulator of the National Lottery has implemented a risk management system in respect of the National Lottery Fund which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the National Lottery Fund and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated three times a year. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

# National Lottery Fund

## Statement On Internal Control

The risk register details the controls and actions needed to mitigate risks and responsibilities for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- Financial responsibilities have been assigned at management level with corresponding accountability,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

### Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action in a timely way. I confirm that the following ongoing monitoring systems are in place:

- an organisation structure with clear operating and reporting procedures;
- authorisation limits, segregation of duties and delegated authorities to approve and process transactions of the National Lottery Fund;
- a system to facilitate the recording and reconciliation of all transactions and to provide a complete audit trail of transactions processed;
- processes to identify and evaluate business risks by: -
  - identifying the nature, extent and financial implications of risks facing the National Lottery Fund including the extent and categories which I regard as acceptable
  - assessing the likelihood of identified risks occurring
  - assessing the Office's ability to manage and mitigate the risks that do occur;
- weekly monitoring and reconciliations of amounts processed in the National Lottery Fund;
- a set of policies and procedures relating to operational and financial controls;
- procedures for monitoring the effectiveness of the internal control systems include the work of Internal Audit and management reviews.



# National Lottery Fund

## Statement On Internal Control

### Review of Effectiveness

I confirm that the Office of the Regulator of the National Lottery has procedures in place to monitor the effectiveness of the National Lottery Fund risk management and control procedures. The Office of the Regulator of the National Lottery's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors and the senior management within the Office of the Regulator of the National Lottery responsible for the development and maintenance of the internal control framework.

I confirm that an annual review of the effectiveness of the system of internal control was carried out in respect of 2017 and completed by 31 March 2018.

### Internal Control Issues

No weaknesses in internal control were identified in relation to 2017 that require disclosure in the financial statements.



**Carol Boate**  
**Regulator of the National Lottery**

**Date** 15 June 2018

# National Lottery Fund

## Governance Statement And Statement Of Responsibilities

### Governance

The National Lottery Fund is established under section 8 of the National Lottery Act 1986 and continues in being in accordance with section 44 of the National Lottery Act 2013. The Fund comprises a single bank account held at the Central Bank of Ireland. The Fund has no employees or directors.

### Regulator Responsibilities

The responsibilities of the Regulator in respect of the Fund are set out in the National Lottery Act, 2013. Under section 44 of the National Lottery Act, 2013, the Regulator manages and controls the Fund. In addition the Regulator is required to submit accounts of the Fund annually to the Comptroller and Auditor General for audit and for a copy of an abstract of the accounts so audited together with a copy of the report of the Comptroller and Auditor General thereon to be laid before each House of the Oireachtas.

### Change in the Office Holder of the Regulator

The first Regulator, Liam Sloyan, was appointed on 17 November 2014 and resigned on 3 May 2017. I was appointed Regulator of the National Lottery on 9 October 2017. The Minister for Public Expenditure and Reform performed the functions of the Regulator during the period when the position was vacant, in compliance with section 8 of the National Lottery Act, 2013



**Carol Boate**  
**Regulator of the National Lottery**

**Date** 15 June 2018

# National Lottery Fund

## Account Of Receipts And Payments

### For The Year Ended 31 December 2017

|   |   | 2017          |                  | 2016          |                  |
|---|---|---------------|------------------|---------------|------------------|
|   |   | €'000         | €'000            | €'000         | €'000            |
| Received from the operator                                      | 4 |               | 497,777          |               | 462,451          |
| <b>less:</b>  |   |               |                  |               |                  |
| Paid to the operator in respect of:                             | 5 |               |                  |               |                  |
| Prizes  |   | 195,413       |                  | 180,045       |                  |
| Operator's entitlement  |   | <u>74,122</u> | <u>269,535</u>   | <u>68,961</u> | <u>249,006</u>   |
|   |   |               | 228,242          |               | 213,445          |
| <b>less:</b>  |   |               |                  |               |                  |
| Paid to the Regulator in respect of Regulator Levy              | 9 |               | <u>1,491</u>     |               | <u>2,426</u>     |
|   |   |               | 226,751          |               | 211,019          |
| Investment Interest Received/(Paid)                             | 6 |               | <u>(112)</u>     |               | <u>(202)</u>     |
|   |   |               | 226,639          |               | 210,817          |
| Transferred to the Central Fund                                 | 7 |               | <u>(226,751)</u> |               | <u>(218,957)</u> |
| Increase/(Decrease) in Investment transferred to/(from) Reserve |   |               | <u>(112)</u>     |               | <u>(8,140)</u>   |
|   |   |               |                  |               |                  |
|   |   |               | <b>2017</b>      |               | <b>2016</b>      |
|   |   |               | <b>€'000</b>     |               | <b>€'000</b>     |
| <b>Reserve Account</b>  |   |               |                  |               |                  |
| Balance on deposit at 1 January                                 |   |               | 34,124           |               | 42,264           |
| Increase/ (Decrease) in Investment                              |   |               | <u>(112)</u>     |               | <u>(8,140)</u>   |
| Balance on deposit at 31 December                               | 6 |               | 34,012           |               | 34,124           |
| <b>less:</b>  |   |               |                  |               |                  |
| Balance retained in respect of historic expired prizes          | 8 |               | (16,092)         |               | (16,092)         |
| Liability for Regulator Levy                                    | 9 |               | <u>(90)</u>      |               | <u>(86)</u>      |
| Balance available for distribution through the Central Fund     | 7 |               | <u>17,830</u>    |               | <u>17,946</u>    |

Notes 1 to 12 form part of these Accounts



**Carol Boate**  
Regulator of the National Lottery

**Date** 15 June 2018

# National Lottery Fund

## Notes To The Accounts

### 1. The National Lottery

The National Lottery, established in 1986, continues in accordance with the National Lottery Act 2013 (“the Act”). On 30 November 2014 Premier Lotteries Ireland Limited (“PLI”), an Irish registered company, commenced as operator under a licence (“the Licence”) for 20 years granted by the Minister for Public Expenditure and Reform on 27 February 2014.

### 2. The National Lottery Fund

The National Lottery Fund (“the Fund”), established under the National Lottery Act 1986, continues in being by virtue of Section 44 of the National Lottery Act 2013. Under Section 7 of the Act, the Regulator of the National Lottery was appointed by the Minister for Public Expenditure and Reform and in accordance with Section 44 of the Act, the Regulator manages and controls the Fund.

The Fund receives proceeds of the National Lottery from the operator and pays amounts in respect of prizes, Regulator’s annual levy and the operators’ entitlements under the Licence. The Regulator transfers funds, at intervals determined by the Minister, to the Exchequer (after appropriate provision for prospective or contingent liabilities) for application for the purposes set out in the Act. The amounts due to Good Causes are calculated as laid out in the Act and the Licence as being 65% of gross gaming revenue.

In accordance with clause 6.2 of the Licence, the Regulator operates the National Lottery Fund account in the Central Bank of Ireland.

### 3. Accounts of the Fund

The accounts detail amounts paid into and by the Fund during the year under review together with an analysis of the balance held at the year end. Under Section 44 of the National Lottery Act 2013, the accounts of the Fund are required to be audited by the Comptroller and Auditor General, and a copy of an abstract of the accounts so audited together with a copy of the report of the Comptroller and Auditor General thereon is to be laid by the Regulator before each House of the Oireachtas.

### 4. Amounts received from the operator

As required by the Act amounts received from the operator comprise ticket sales proceeds less retailers’ remuneration and small prizes.

Amounts received from the operator were €498 million in 2017 (2016: €462 million). The increase in amounts received is consistent with an increase in the level of sales of Lottery products by PLI for 2017.

### 5. Amounts paid to the operator

The amounts paid to the operator were €269 million in 2017 (2016: €249 million), being €195 million in respect of prizes payments (2016: €180 million) and €74 million in respect of operator’s entitlement (2016: €69 million).

Payments to the operator in respect of operator’s entitlement are calculated based on the terms of the Licence.

# National Lottery Fund

## Notes To The Accounts

### 6. Investments of the Fund

All moneys of the Fund are held in a deposit account maintained at the Central Bank of Ireland. Negative interest has been charged on this account since June 2014. This arises from an ECB Decision (EC/2014/23) relating to the remuneration of deposits, balances and holdings of excessive reserves, which affects the remuneration of government deposits at National Central Banks. Interest is calculated on a daily basis and paid twice yearly. The estimated interest accrued and unpaid by the Fund at the year-end amounted to €168,673.

### 7. Transfers to the Central Fund

Following provision for current liabilities of the Fund and any prospective or contingent liabilities, the Regulator arranges the transfer of funds during the year, at intervals determined by the Minister, from the National Lottery Fund to the Central Fund. The allocation of Central Fund moneys to beneficiaries is voted by the Oireachtas through the annual Estimates process and moneys are issued during the year and accounted for through the Appropriation Accounts.

### 8. Balance retained in respect of historic expired prizes

At 31 December 2017, an amount of €16.092 million continues to be recognised as a restriction on funds available for distribution. This amount is in respect of expired prizes arising under the previous licence with An Post National Lottery Company. As this relates to expired prizes at the transition to the Licence there is no increase in this amount.

The availability of these funds for distribution is restricted pending determination of the liability for this amount. The determination is subject to ongoing consultation by the Regulator with the Department of Public Expenditure and Reform and with PLI.

Expired unclaimed prizes under the Licence are used by PLI for National Lottery promotional activities in accordance with clause 6.9 of the Licence to operate the National Lottery.

### 9. Liability for Regulator Levy

In accordance with the National Lottery Act 2013, the Licence provides for the payment by PLI of an annual levy to the Regulator to meet expenses properly incurred by the Regulator. Such amounts are deducted from payments to PLI and are retained in the Fund for payment to the Regulator. The amount due to the Regulator at 31 December 2017 is €90,130.

### 10. Net balance between Premier Lotteries Ireland Limited ("PLI") and the Fund

As the Accounts are presented on a receipts and payments basis no provision is made for any balance between PLI and the Fund at 31 December 2017. Determination of any such amounts is subject to ongoing discussions by the Regulator with PLI and the Department of Public Expenditure and Reform. Settlement of any such amounts will be made when determined.

# National Lottery Fund

## Notes To The Accounts

### 11. Audit fee

The audit fee is paid by the Office of the Regulator of the National Lottery. The audit fee for 2017 is €5,000.

### 12. Approval of the National Lottery Fund Account

The National Lottery Fund Account in respect of the year ended 31 December 2017 was approved by the Regulator on 15th June 2018.





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Regulator of the National Lottery

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