



Rialálaí an Chrannchuir Náisiúnta
Regulator of the National Lottery


Annual Report

2019



OUR VISION

**A safe, sustainable,
properly run National
Lottery maximising funds
for Good Causes.**



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Report on Operations
pursuant to Section 22(3)
of the National Lottery
Act 2013

1.1 | Regulator's Statement



Carol Boate
*Regulator of the
National Lottery*

In accordance with Sections 22 and 44 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 2019.

In 2019, €250.7 million was transferred from the National Lottery Fund to the Exchequer to support Good Causes, an increase of 11.6% on the previous year (€224.6 million).

Subsequent to the year under review, in April 2020 a specific amount of €16.1 million was transferred from the National Lottery Fund to the Exchequer to support Good Causes. The amount of €16.1 million was in respect of expired unclaimed prizes under the previous licence, which remained in the National Lottery Fund at the date of commencement of the current Licence. An amendment to the Licence, with the agreement of the Operator, was made to facilitate this transfer. This was the first amendment of the Licence and details of the amendment were published on the website of the Office of the Regulator of the National Lottery (ORNL).

The disappointing results of the Office's Underage Mystery Shop exercise in 2018 led me to publicise the results in January 2019 to drive awareness among retailers and the public that National Lottery products are not to be sold to children. At the same time, I engaged with the Operator to ensure swift action was taken to improve compliance by retailers in this key area. The Operator responded immediately with new in-store digital screen notices and high alert reminders to its retail agents. Later in 2019, the Operator commenced its own mystery shop programme and implemented a "Think 21" campaign across all stores. The results thus far suggest that retailer education and the Think 21 campaign are having a positive impact and compliance is improving but my Office continues to keep this area of operations under review.

On 4 November 2019, my Office became aware of anomalies in three scratch card games, relating to four omitted top prizes. My immediate priorities were the interests of players and the propriety of National Lottery games. I also had a broader concern regarding the potential impact on the reputation of the National Lottery and its long-term sustainability.

My immediate priorities were addressed when I directed the Operator to withdraw the remaining affected game on sale and approved a *New Year's Special Draw* to return the value of the omitted prizes to players, at no additional cost to players or the National Lottery Fund. At the same time, I commenced a full examination of what led to the anomalies and what breaches of the National Lottery Act 2013 or Licence may have occurred. The Special Draw and withdrawal of the affected scratch card game were announced on 11 December 2019 with an apology from the Operator to all National Lottery Players.

In October 2020, on its conclusion, I published my independent inquiry into the issue. This considered, in detail, the cause and impact of the issue, the actions taken, and the measures in place to prevent a recurrence. I determined that PLI had breached both the Act and the Licence in regard to these games. There is no indication that the integrity of the National Lottery or the Fund for Good Causes has been materially compromised and my Office has checked that this issue did not affect any National Lottery games other than those named in the inquiry. I am satisfied that the Operator acted transparently and in good faith, that information was not withheld, and that the Operator's staff had (mistakenly) believed that the games were correctly run. A number of new controls have been implemented to prevent a recurrence of such errors by the Operator and to allow for earlier detection of any similar issue by my Office. This matter is dealt with in full in Section 1.4.6 of this report.

During 2019, a breach of the Licence was determined, whereby media releases by the Operator did not always include the logo of the National Lottery as is required. In response to an instruction from this Office, the Operator amended its press release format to include the National Lottery logo.

My colleagues in the Office worked together in 2019 to develop values that would guide us well in implementing our strategic goals in the fast-changing environment in which we operate. I see these values in action every day.

Finally, I would like to acknowledge the hard work and shared commitment of my colleagues in the Office throughout 2019.



Carol Boate
Regulator of the National Lottery
January 2021

1.2 | Management Team

The Regulator and senior management team are:



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 and an M.Sc. in Economics 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.



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 35 years' 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 Mary McNabola – Corporate Affairs Manager

Ms McNabola is a career public servant of more than 30 years. An experienced public sector professional with an Employment Law qualification, she spent 18 years in the Corporate Services Department of the National Disability Authority prior to joining the Regulator's Office. She also worked for 15 years in the office of the Chairman and Chief Executive of the Dublin Docklands Development Authority working on a broad range of projects and initiatives facilitating the entire organisation.



Mr Cian O'Sullivan – Head of Legal & 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 graduate diplomas awarded by the Law Society of Ireland, the Irish Taxation Institute, and the Life Insurance Association. Before his appointment to the ORNL, he was an inspector with the Office of the Revenue Commissioners. Prior to that he worked in the legal and compliance units in a large insurance company and in a leading law firm.



Ms Siobhan Phillips – Head of Player Protection and Research

Ms Phillips is a Chartered Psychologist with the Psychological Society of Ireland and holds M.Sc., H. Dip and BA degrees in Psychology. Prior to joining the ORNL, 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 Fellow of the Chartered Institute of Public Finance and Accountancy and holds a BSc degree in Mathematics. He has over 20 years' experience in finance, accounting, and auditing. Before joining the ORNL, 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 Functions of the Regulator which support the vision above, 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 above points 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 (ORNL) monitors and enforces compliance by Premier Lotteries Ireland DAC, the Operator, with the National Lottery Act 2013 and with the terms and conditions of the Licence granted to it to operate the National Lottery.

The ORNL fulfils this function through regular and proactive oversight of the Operator. 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.

Monitoring and enforcing compliance with the Act and the Licence.

(a) Monitoring the performance of the Operator

The performance of the Operator is monitored and assessed by reference to projected standards to be achieved in each year. In 2019, the Operator achieved all but one of its projected standards. The Operator did not meet the 80% target set for resolving complaints on first attempt, achieving only 56.98%. The Regulator had concerns in relation to the effectiveness of the Operator's contact centre in 2019 and initiated a review of a sample of contacts from retailers and players in November 2019. The Operator had also undertaken a review in 2019 of how it manages contacts from retailers and players and reported to the Regulator in 2020 on the outcome of this review and the actions being taken to improve this aspect of operations.

The Regulator also sought explanations as to why this target was not achieved. Some of the reduction in the metric resulted from an increase in the number of complaints that, due to the nature of the complaint, could not be resolved at first attempt and required a greater effort to investigate complaints in more detail, requiring further contact with the complainant. However, the actions planned for 2020 to improve the knowledge base and support for those staff dealing with complaints are expected to yield improved overall performance in dealing with complaints that should be reflected in this particular metric and in customer satisfaction generally.

The Regulator has advised the Operator that this metric will be subject to ongoing close monitoring and that significant improvements are required.

See Appendix A for extracts from the 2019 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 in 2019 (see Appendix B). These cover various aspects of the business, including finance, governance, technology, customer service and game performance.

Each report is reviewed by the ORNL 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 ORNL has real time access to the gaming system operated by the Operator. This allows the ORNL 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 ORNL 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 ORNL 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. The forms of meeting include the following:

- Fortnightly and monthly recurring meetings provide avenues for effective communication between the ORNL 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-three regular meetings were held by the ORNL with Operator personnel in 2019. In addition, ad-hoc meetings addressing specific matters were held as required.

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

The ORNL 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 several standards that the Operator must adhere to when promoting the National Lottery. The ORNL monitors compliance of the advertising campaigns, media releases, social media and other marketing and PR activities undertaken by the Operator with the provisions of the Code, and ensures effective action is taken should any concerns 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 2019, the Regulator received 39 complaints from members of the public (see section 1.4.4) and conducted two themed reviews (see section 1.4.5):

- The Operator's compliance with its trademark obligations.
- Operator contracts review.

1.4.1 | National Lottery Operations and Funds for Good Causes

The Operator reported that more than 1.39 million people played National Lottery games on a regular basis in 2019. This represents approximately 39% of adults in Ireland.

As reported by the Operator, ticket sales for 2019 amounted to €884.5 million (2018: €805.0 million). Sales for draw based games were €586.7million (2018: €537.3 million), while sales for instant games (scratch card and interactive instant win games [IWGs]) were €297.8 million (2018: €267.7 million).

The retail channel did not grow in 2019. The Operator reported that there were 5,691 retail outlets as at 31 December 2019, down 1.3% from 2018 (5,767).¹ Online sales grew by approximately 31% and represented 9.1% of total sales (2018: 7.7%).

Returns generated for Good Causes continued to grow. The Operator's accounts show that the returns generated for Good Causes increased by 10.1% to €251.6 million (2018: €228.5 million). Changes in the annual prize pay-out percentage, due to changes in the product sales mix, impacts on amounts generated for Good Causes. A summary for the years 2015 (first full year of operation under the Licence) to 2019, from the Operator's accounts, is as follows:

Year	2015	2016	2017	2018	2019
Sales	€670.4m	€750.2m	€800.2m	€805.0m	€884.5m
Prize Pay-out %	56.85%	56.25%	56.49%	56.35%	56.25%
Generated for Good Causes	€188.0m	€213.3m	€226.3m	€228.5m	€251.6m

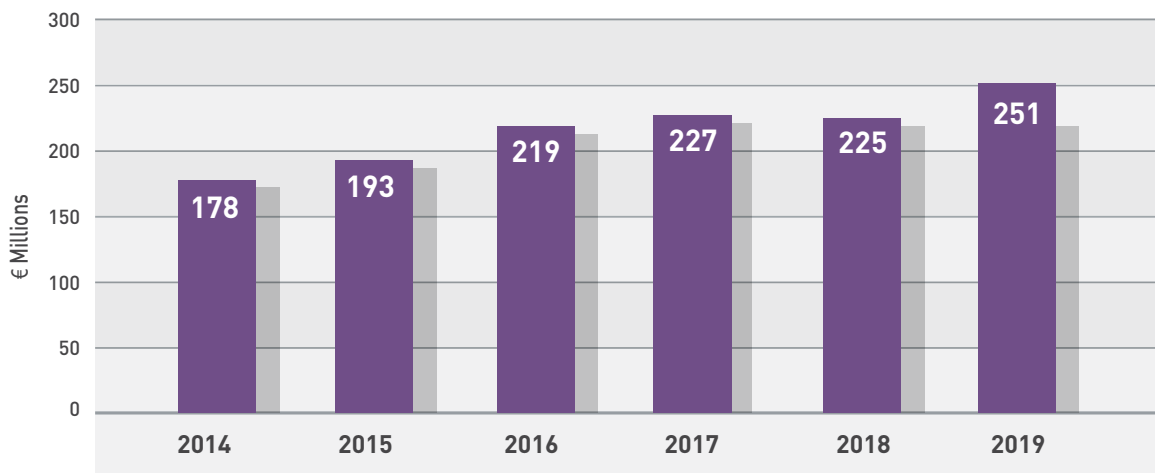
The total amounts transferred from the National Lottery Fund by the ORNL to the Exchequer for distribution to Good Causes in 2019 was €250.7 million (2018: €224.6 million), an increase of 11.6% on 2018.

The returns to Good Causes **generated** by the Operator in 2019 relate to ticket sales recorded in that calendar year, i.e. 1 January to 31 December 2019. Funds for Good Causes **transferred** to the Exchequer during 2019 (which are on a cash receipts basis) relate to monies earned from ticket sales in the 52-week period from 16 December 2018 to 14 December 2019.

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 2019 were as set out in the figure overleaf.

1 The figure for 2018 reported here differs from that reported in the RNL Annual Report 2018. Following a detailed review by the Operator in 2020, it determined that 75 retail agent IDs were not attached to individual retail agents and should not be reported as such to the Regulator in its 2019 report. For the purposes of providing accurate information and comparisons, the number of retail agents in 2018 has been restated to remove the 75 "agents".

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.

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 ORNL recognises that there are features of games and of the gaming environment (whether online or via retail outlets) that can drive repetitive patterns of play, amplifying player risk, 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/commercial 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 content of marketing communications 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.

Regulatory Oversight

The Regulator drives prevention of problem and underage play 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 the level of risk attached to new games proposed by the Operator (This function is discussed further in section 1.5 of this report).

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 and underage gaming.

In respect of online underage play, the online controls in place in 2019 meant that minors were not permitted to register to play online. It is possible 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 to claim a large prize or withdraw large sums and this would be expected to dissuade them from playing. Age checks conducted by the Operator since the start of the Licence have identified one case where the account holder registered when underage.

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 third-party support services.

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

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

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

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 Retail

In 2018, the Regulator commissioned research - the first of its kind in Ireland - to examine the retail sector's compliance with rules governing the sale of National Lottery products to under 18s as set out below:

- Not to sell National Lottery tickets to persons under 18 years of age.
- To ask anyone who is not clearly 18 years or over for ID.
- To display the mandatory 'Over 18' sign in a visible location.

The Report from Ipsos MRBI was published on the Regulator's website and the key points are as follows:



510
retail premises
were tested
nationwide



27%
of premises did
not display the
mandatory "Over
18" signage



63%
of test purchases
were challenged
(asked for age
and/or ID)



6 out of 10
test purchases
were refused

Based on the findings of this research, the Regulator determined that the level of compliance in the retail sector was not good enough. The Regulator published the findings, in January 2019, to drive awareness among the retailers and the public that these products are not to be sold to children. The findings provided an important baseline measure from which to assess the impact of future actions to be taken by the Operator to improve compliance by retailers in this important area.

At the time of the publication of the ORNL Mystery Shop, the Regulator wrote to the Operator to ask what actions they would be taking “*to swiftly and substantially improve retailer compliance with the provisions of the Code relating to underage purchase*”. Three special meetings were then held with the Operator specifically on this topic, where the Operator reported on measures being undertaken in response to the ORNL’s findings, the Operator’s own findings, and feedback from retailers, and the results they were yielding in 2019.

- Immediately following the publication of the ORNL Mystery Shop report, the Operator initiated a retail communications plan: reminding retailers to display their 18+ signage and of their responsibility not to sell to minors through a variety of channels, and adding an Over 18s message to the 2,000 digital screens in stores around the country.
- The Operator conducted its own mystery shop campaigns, commencing in May 2019, as follows.

Campaign Period	Commencement Date	Completion Date	Number of Retailers
H1 2019	04-May-19	07-Jun-19	510
H2 2019	12-Oct-19	30-Nov-19	850
H1 2020	05-Mar-20	26-Apr-20	438*

* Retailer numbers reduced due to COVID-19 pandemic.

- All retail agents visited receive feedback on their performance. The nature and timing of this feedback to retailers has been adjusted in response to retailer feedback to PLI on the process. Retail agents who fail a mystery shopper campaign are sanctioned through the Operator’s retail compliance policy and included in the next mystery shop automatically.
- The Operator rolled out a “*Think 21*” retailer facing campaign across its retail agents. This involved: screen saver messages to Think 21 appearing on the majority of lottery terminals when tickets were purchased, re-training retail agents to treat lottery products in a similar vein to other age restricted products, and sending a simple infographic guide to its retail compliance policy to each store owner/manager.

The results of the second mystery shopper campaign in October 2019 suggest that the retailer education and Think 21 campaigns are having a positive impact and compliance is improving. The Operator planned to undertake two further mystery shop campaigns on a similar scale in 2020 and again in 2021 continuously. This may not be achieved due to COVID-19 but a campaign was carried out in 2020, albeit on a smaller scale. A random sample of previously visited retail agents will be included in each campaign, so that assessment is continuous, with the aim being that every retail agent will have been assessed by the end of 2021.

The Regulator continues to monitor the Operator’s activities and initiatives, and the results of its mystery shop campaigns, to ascertain that the Operator is using its best endeavours to achieve retail compliance in the selling of National Lottery products.

1.4.3 | Responsible Marketing Communications and Advertising

The ORNL regularly monitors the Operator's marketing communication channels 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 communications likely to result in underage or problem play.

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, and/or with the Regulator.

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. Details on how to complain to the Regulator and the complaints process are set out on the [Regulator's website](#).

When the ORNL receives a complaint from a member of the public, it must be considered from a regulatory perspective and 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.

Summary of complaints received by the Regulator in 2019 and Action Taken

Subject Matter of Complaints	Numbers
Equipment in Retailers not Functioning	1
Retailer Complaint	3
Online Experience	12
Game Design / Price	11
Expired Scratch Cards	1
Information Provided	4
Quality of Materials	0
Not Related to the National Lottery	7
Total	39
Action Taken by Regulator	Numbers
This Office responded directly	20
The Operator responded after contact from this Office	11
Ongoing complaints at 31 December 2019	8
Total	39

1.4.5 | Themed Compliance Reviews

During 2019 the ORNL conducted the following themed compliance reviews:

1. Trademarks

The ORNL conducted several periodic reviews and an annual review of PLI's compliance with Clause 7 and Schedule 4 of the Licence. Pursuant to section 46 of the Act, the goodwill attaching to the name "*National Lottery*" vests in the Minister. Clause 7 outlines detailed provisions regarding trademark and copyright compliance obligations and Schedule 4 of the Licence contains copies of executed IP agreements which impose obligations on the Operator. No action was required following these reviews.

2. Contracts Review

In 2019, the ORNL reviewed a random sample of approximately 10% of PLI's *Lottery Contracts* and confirmed that each contract either complied with or is exempt from complying with the provisions of Clause 16.5 of the Licence.

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.

Trademarks

Disclosures made by the Operator regarding the use of National Lottery Trademarks in the Operator's marketing communications in 2019 led to a finding of a breach of the Licence. In accordance with section 7.3.3 of the Licence the logo of the National Lottery must appear on all documents containing information of the National Lottery or any National Lottery game and correspondence by the Licensee in connection with the National Lottery or any National Lottery game.

The Regulator determined that press releases being issued without the trademarked National Lottery logo was a breach of Clause 7.3 of the Licence. In response to an instruction from the Regulator, the Operator amended its press release format to include the National Lottery logo. See section 1.7 for details.

Omitted Scratch Card Prizes

In October 2020, the Regulator of the National Lottery published the report into the findings of her independent inquiry into an issue relating to three scratch card games operated by PLI, that came to light in 2019. The report was published as a matter of public interest and can be found [here](#).

On 4 November 2019, the Regulator was made aware by the Operator of anomalies in three scratch card games with incorrect numbers of top prizes. The Regulator's immediate priorities were the interests of players and the propriety of National Lottery games. The Regulator's longer-term concern was the impact this issue might have on the reputation of the National Lottery and its long-term sustainability and what measures should be taken accordingly. Consequently, the focus of the Regulator's activities was as follows:

- Addressing the affected game that was still on sale.
- The return of the value of the omitted prizes to players without delay.
- A full examination of what led to the anomalies and what breaches of the Act or Licence may have occurred.
- Effective measures to prevent the recurrence of such omissions.
- Effective measures to detect any recurrence earlier in the lifecycle of a game.

On 11 December 2019, PLI released details of the issue and announced a *New Year's Special Draw* which would return the value of the omitted prizes at no additional cost to players. The prize money for the Special Draw was entirely funded by the Operator and guaranteed to be won. The Regulator required the Operator to withdraw the affected scratch card game and commenced an inquiry to establish what had occurred.

The Inquiry found that the prizes in the games were incorrect due to human error on the part of the Operator and a failure by the Operator to have adequate controls in place to identify and correct such errors. In addition, erroneous statements about the available number of top prizes in these games were made on the National Lottery website due to a failure to have adequate controls.

Following the extensive inquiry, the Regulator is satisfied that the Operator acted transparently and in good faith, that information was not withheld from the Regulator, and that the Operator's staff had (mistakenly) believed that the games were correctly run. One game remained on sale beyond the time when errors were discovered as it was originally thought that the omitted prizes could be returned to players through that game. The mechanism was ultimately found to be problematic and the value of the omitted prizes was instead made available via the aforementioned *New Year's Special Draw*.

The Regulator has determined that the Operator breached three provisions of the Act and the Licence as a result of these errors. These are the first ever breaches of this kind and comprise the following:

- failures to hold three lottery games in accordance with the rules in force
- failures to ensure that statements regarding games were true, and
- failures to have an adequate system of internal control to provide assurance of compliance with the relevant provisions of the Act and the Licence (regarding successor games).

Revenues generated for Good Causes were not harmed by the errors. Overall, the Operator incurred financial cost due to the rectification measures taken to address the errors. To ensure that the Operator did not benefit financially from the Special Draw, a €50,000 donation was made to a mental health charity. The Operator made a public apology to all National Lottery players.

Sales of National Lottery tickets have not diminished following the issue; sales of scratch cards in 2020 were marginally ahead of the comparable period in 2019. There is no indication of a significant loss of trust by players in the propriety of the National Lottery or of any subsequent fall in returns to Good Causes. The integrity and image of the National Lottery has not been materially compromised.

Several new controls are in place to prevent a recurrence of such errors by the Operator and to allow for earlier detection of any similar issue by the Regulator. All scratch cards put on sale have been reviewed and no further games were found to have had prizes omitted.

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.
- The appointment of new service providers.
- Schemes for the testing of equipment used in National Lottery draws, as well as the approval of 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

The procedure for any request to the Regulator requiring review and approval is set out in the Licence. Every request for approval or consent is examined 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.

Where the Regulator is not satisfied that a request is compliant, the Operator may be asked to provide additional information.

If additional information or an amended proposal is submitted which addresses the concerns of the Regulator, the request is ultimately approved. Where the Operator is unable to address the concerns, within the required timeframe, the request is either rejected by the Regulator or withdrawn by the Operator.

2019 Requests

During 2019, the Operator submitted 37 requests for approval or consent. The Regulator made decisions in respect of 33 of these during the year and two were withdrawn by the Operator.

In 33 of the requests, further information was sought by the Regulator to enable her to properly consider the request. Two requests were still receiving consideration at year end and two were withdrawn by the Operator.

Thirty-one of the requests received in 2019 related to schemes for National Lottery games. One game request was refused, to protect the interests of participants (and the reputation of the National Lottery). The Operator withdrew two game requests. Two requests relating to games were still under consideration at year end.

Status of	All Requests	Games
Received	37	31
Approved	31	26
Refused	2	1
Withdrawn by Operator	2	2
Under consideration at 31 December 2019	2	2

See Appendix C for details.

Details of requests received in previous years are available on the [website of the RNL](#).

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.

Ensuring 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

Each week the Regulator reviews the Operator’s “*weekly settlement report*” of its sales of National Lottery tickets regarding each scratch card, draw based game, and online IWGs. Checks are performed to ensure that the amounts allocated to prizes, Good Causes, retailers, and the Operator are correct – for each game. The ORNL 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, the percentage going to retailers, are all accounted for correctly.

- STEP 1** | PLI lodges revenue, minus prizes paid by retailers, to the Fund.
- STEP 2** | ORNL transfers prizes amount (minus prizes paid by retailers) to PLI’s Prize Account.
- STEP 3** | ORNL reserves amount for Good Causes in the Fund.
- STEP 4** | ORNL transfers Regulator levy to ORNL’s account.
- STEP 5** | ORNL transfers remaining amount to PLI.

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 auditors engaged by the Regulator to review the procedures for management and control of the Fund.

Historical Expired Unclaimed Prizes

When the Licence to operate the National Lottery was awarded to PLI, an amount of €16.1 million in expired unclaimed prizes remained in the Fund from operations of the previous operator, An Post National Lottery Company. The Act and the Licence did not prescribe how such monies were to be dealt with. This amount continued to be recognised in the Fund Accounts annually as a restriction on funds available for distribution in respect of expired unclaimed prizes arising under the previous licence.

The State confirmed in January 2019 that it had been unable to agree on the use of these funds with the Operator. The ORNL then completed a detailed review of: the current Act and Licence, the National Lottery Act 1986, historic game rules, correspondence between the State and the Operator around the time of transition to the new Licence, and detailed legal submissions from the State and the Operator. Deliberations were ongoing as at 31 December 2019.

After the year end, the Regulator determined that, under the legal framework, the expired unclaimed prizes could not be used by the Operator for prizes in National Lottery games nor could they be transferred to the Exchequer for the purposes of Good Causes without an amendment to the Act. On foot of an approach from the Operator in March 2020 with a view to releasing the money urgently for Good Causes (in light of the extraordinary COVID-19 situation), the Regulator determined that this amount could be released for the purposes of Good Causes by an amendment to the Licence. The Licence was amended by the Regulator, in agreement with the Operator, on 1 April 2020. A transfer of €16.1 million was made on 17 April 2020 from the National Lottery Fund to the Exchequer for the purposes of Good Causes. Details of the amendment to the Licence were published on the website of the ORNL.

The amendment made to the Licence was to insert a new Clause 6.17.1 as follows:

"Historical Expired Unclaimed Prizes" or "HEUP" means the amount of €16,091,653 held on account in the Fund in relation to the net of expired prizes/game reserves across all games which had accumulated since An Post National Lottery Company commenced trading and which had not been utilised by An Post National Lottery Company as additional prizes (through top-ups and promotions) by the end of the licence held by An Post National Lottery Company immediately prior to the Effective Date;


It is expressly agreed that, on or after the Effective Date, HEUP shall be paid by the Regulator, pursuant to section 44(3)(e) of the Act, to the Central Fund for use only by the Government for the purposes set out in section 41 of the Act."

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 Act, prizes must, on average across the portfolio of National Lottery games, be at least 50% annually. During 2019, €250.7 million was transferred to the Exchequer for Good Causes - compared with €224.6 million in 2018.

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.

During 2019,  **€250.7m** was transferred to the Exchequer for Good Causes - compared with **€224.6 million** in 2018.

1.7 | Enforcement of Trademarks

Section 46 of 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. Clause 7 outlines detailed provisions regarding trademark and copyright compliance obligations and Schedule 4 of the Licence contains copies of executed IP agreements which impose obligations on the Operator. Pursuant to section 9(5) of the Act the Regulator may enforce any trademarks relating to the National Lottery.

The Licence permits the Operator to use the National Lottery trademark and logo subject to several 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 trademark, other than a trademark 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 trademark 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 Trade Marks.

As noted in 1.4.6 above, disclosures made by the Operator regarding the use of National Lottery Trademarks in the Operator’s marketing communications in 2019 led to a finding of a breach of the Licence. The Regulator determined that press releases being issued without the trademarked National Lottery logo was a breach of Clause 7.3 of the Licence. In response to an instruction from the Regulator, the Operator amended its press release format to include the National Lottery logo.

1.8 | Corporate Affairs

1.8.1 | Strategy

As part of a three-year Strategy, the Regulator has set out strategic objectives and the development of new values. The following statements incorporate the core purpose and strategic focus of the ORNL:

The Regulator's VISION

The Regulator's vision reflects the statutory objectives given to her by the Oireachtas. This vision is for:

“a safe, sustainable, properly run National Lottery maximising funds for Good Causes”

The Regulator's role in achieving this vision is by carrying out her functions in a manner consistent with the statutory objectives reflected in the vision. The Operator of the National Lottery has the responsibility to operate the National Lottery in compliance with the Act and the Licence. The financial model in the Licence incentivises the Operator to maximise 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

In 2019, the Regulator also reviewed and updated the Office's Values in consultation with colleagues. These values are:



1.8.2 | Corporate Governance

Corporate Governance Code of Practice

The governance practice of the ORNL 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 provisions of the Code have been adopted as appropriate by the ORNL in the context of the requirements of the National Lottery Act 2013.

The ORNL 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 ORNL 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 ORNL, but the Regulator performs relevant functions of a board such as approving annual budgets and reporting to the Minister on the ORNL's compliance with its responsibilities.

A Corporate Governance Assurance Agreement with the Minister for Public Expenditure and Reform is in place and formally documents compliance by the ORNL with the Code, including derogations and adaptations appropriate to the structure of the Office.

Ethics in Public Office

The ORNL 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 ORNL has established and maintains procedures to make protected disclosures in relation to the ORNL and its work and for dealing with such disclosures.

In the period 1 January 2019 to 31 December 2019, there were no protected disclosures received by the Regulator.

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 2019 was €1,508,600.

Staff

The Regulator has Ministerial sanction for 10 staff (including the Regulator). Following a review of staffing in 2018, leading to changes in the staff structure, approved by the Minister for Public Expenditure and Reform, a number of vacancies were filled in the ORNL during 2019, with no vacancies at the end of the year.

1.8.4 | Annual Report and Accounts

The annual accounts of the Regulator for 2019 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 process and accounting policies, risk management, internal control, and value for money issues.

Following the prescribing of the Office of the Regulator of the National Lottery as a relevant authority under S.I. 143 /2019, Public Service Pensions (Single Scheme and Other Provisions) Act 2012 (Relevant Authorities) Regulations 2019, on 3 April 2019, there has been a change in the accounting treatment and disclosures in relation to pensions. Full details are provided in the Accounts of the Regulator in Section 2.

1.8.5 | Internal Audit

The Regulator agreed a programme of internal audits which were conducted in 2019 by EisnerAmper, the Office's appointed internal auditors, with reports being submitted to the Regulator. They included internal control to include financial controls and Risk Management, Security of IT Functions and Compliance with Procurement Rules in relation to the ORNL. They also consisted of internal control to include financial controls and Security of IT functions, related to the National Lottery Fund.

1.8.6 | Risk Management

The ORNL 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 ORNL to achieve its objectives. In line with best practice, the ORNL 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. In addition, there are two further reviews per year of high-ranking risks, new risks and changing risks on the Risk Register.

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 ORNL 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 ORNL prepared and published a publication scheme having regard to the principles of openness, transparency, and accountability.

The ORNL received 12 freedom of information requests during 2019. Of these, one decision was appealed to the Office of the Information Commissioner and one internal review was requested.

Details of non-personal requests are published in the Regulator's Freedom of Information Disclosure Log, which is available [on this Office's website](#).

Energy Consumption

The ORNL has one office, located in the Irish Life Centre, Dublin 1. 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 2019, the ORNL consumed 28.10 MWh of energy, consisting of:

- 13.99 MWh of electricity.
- 14.11 MWh of fossil fuels (heating).

Appendix A: PLI's Performance Standards

Year to 31 Dec 2019	Standard	Achieved Performance	Forecast for 2020
Computer Systems			
Terminal availability to sell tickets*	99.00%	99.94%	99.50%
Gaming system availability	99.00%	99.97%	99.50%
Website availability	99.00%	99.93%	99.50%
* 7am to 10pm, excluding draw break, 7 days a week, excluding Christmas Day and prearranged outages			

Prize Payment			
Claims greater than €1,000 paid by cheque following a visit to National Lottery HQ	95.00% within 3 Hours	99.07%	98.00%
	100% within 20 working days	100%	100%
Claims greater than €1,000 paid by cheque following a postal claim	95.00% within 5 days	99.82%	98.00%
	100% within 20 working days	100%	100%

Player Services - Voice Contact			
Service availability*	99.00%	99.75%	99.00%
Calls answered within 30 seconds	70.00%	89.90%	90.00%
* 8am to 8pm, excluding draw break, 7 days a week, excluding Christmas Day and prearranged outages			

Player Services - Written Contact			
Service Availability*	99.00%	100%	100%
Letters answered within 5 working days	80.00%	100%	80.00%
Emails answered within 2 working days	80.00%	97.40%	95.00%
Responses to complaints within 10 working days	95.00%	95.00%	95.00%
Resolution of complaints and enquiries at first attempt	80.00%	56.98%**	95.00%
* 9:15am to 5:30pm, Monday to Friday, excluding Christmas Eve and public holidays			
** Please see section 1.4(a) for details of shortfall			

Appendix B:


Regular Reports Received from PLI

Report	Frequency
Good Causes Annual Report and External Auditors Report thereon	Annually
Audited Accounts of PLI	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

Date	Section of Approval Required	Game/Service Info.	Related to a Game	Amended/Further Info. sought	Status at 31 December 2019				
					Ongoing	Request Withdrawn	Ultimately Approved	Ultimately Refused	Decision Date
23/1/2019	Section 45	227 Golden 4s, Silver 5s	Yes	Yes			Approved		19/3/2019
31/1/2019	Section 45	IWG Extension 2019	Yes	Yes			Approved		28/3/2019
29/3/2019	Section 45	Cashword Bonus IWG	Yes	Yes			Approved		26/4/2019
29/3/2019	Section 45	Cashword Mini IWG	Yes	Yes			Approved		26/4/2019
29/3/2019	Clause 7.3	Exemption sought to issue Press Releases without logo	No	Yes				Refused	13/5/2019
29/3/2019	Section 45	239 Bingo Multiplier	Yes	Yes			Approved		24/5/2019
3/5/2019	Section 45	Euromillions Topaz	Yes	Yes			Approved		29/8/2019
14/5/2019	Section 45	237 Christmas Countdown	Yes	Yes			Approved		19/7/2019
14/5/2019	Section 45	235 Hampers Sweets and Treats	Yes	Yes			Approved		19/7/2019
14/5/2019	Section 45	236 Merry Money	Yes	Yes			Approved		19/7/2019
22/5/2019	Section 45	232 Winning Streak	Yes	Yes			Approved		19/7/2019
31/5/2019	Section 45	Christmas Millionaire Raffle 2019	Yes	Yes			Approved		1/10/2019
4/6/2019	Section 45	Lucky Numbers IWG	Yes	Yes			Approved		14/8/2019
4/6/2019	Section 45	Reel Winner IWG	Yes	Yes			Approved		19/7/2019
7/6/2019	Section 45	Confidential	Yes	Yes		Withdrawn			11/11/2019
12/6/2019	Section 45	Cash Bolt IWG	Yes	Yes			Approved		22/10/2019
18/6/2019	Clause 18.3	Lease of BCP Premises	No	Yes			Approved		19/7/2019
20/6/2019	Section 45	Smart Play	Yes	Yes			Approved		23/12/2019
24/6/2019	Section 45	General Game Rules	Yes	Yes			Approved		5/9/2019

 Game Related Requests

Date	Section of Approval Required	Game/Service Info.	Related to a Game	Amended/Further Info. sought	Status at 31 December 2019				
					Ongoing	Request Withdrawn	Ultimately Approved	Ultimately Refused	Decision Date
23/8/2019	Section 45	Confidential	Yes	Yes		Withdrawn			6/12/2019
5/9/2019	Section 45	Cash Celebration IWG	Yes	Yes			Approved		17/12/2019
11/9/2019	Clause 18.3	Finance Systems	No	Yes			Approved		25/11/2019
23/9/2019	Clause 9.8	Good Causes - Video Advertorial	No	Yes			Approved		2/10/2019
11/10/2019	Section 45	Far Eastern Fortune IWG	Yes				Approved		8/11/2019
1/10/2019	Section 45	244 All Cash Platinum Artwork Amendments	Yes	Yes			Approved		15/11/2019
25/10/2019	Section 45	204 All Cash Spectacular Amendments	Yes				Approved		20/11/2019
1/11/2019	Section 45	200 All Cash Amendments	Yes				Approved		22/11/2019
4/11/2019	Section 45	236 Merry Money Amendments	Yes				Approved		22/11/2019
4/11/2019	Section 45	223 Congratulations Amendments	Yes	Yes				Refused	10/12/2019
12/09/2019	Section 45	Congratulations New Years Draw	Yes	Yes			Approved		10/12/2019
5/11/2019	Section 42.2	Amendment to Retail Sales Authorisation	No	Yes			Approved		16/12/2019
6/11/2019	Section 45	239 Bingo Multiplier Amendments	Yes	Yes			Approved		5/12/2019
8/11/2019	Section 45	IWG Extension 2020	Yes	Yes			Approved		24/12/2019
11/11/2019	Section 45	212 Diamond Bingo Doubler Amendments	Yes	Yes			Approved		22/11/2019
18/11/2019	Section 45	#Wanderlust	Yes	Yes	Ongoing				
29/11/2019	Clause 9.8	Good Causes -Winner Promotional Video	No	Yes			Approved		3/12/2019
16/12/2019	Section 45 and Clause 20.6	Amendments to General Game Rules	Yes	Yes	Ongoing				

 Game Related Requests

2

Regulator of the National Lottery Report and Financial Statements

for the year ended 31 December 2019

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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 VY45 Bank of Ireland 6 O'Connell Street Lower Dublin 1 D01 X324
Solicitors	Mason Hayes & Curran South Bank House Barrow Street Dublin 4 D04 TR29 Fieldfisher The Capel Building Mary's Abbey Dublin 7 D07 N4C6
Auditors	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1 D01 PF72



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Regulator of the National Lottery

Opinion on the financial statements

I have audited the financial statements of the Regulator of the National Lottery for the year ended 31 December 2019 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 comprehensive income
- 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 2019 and of its income and expenditure for 2019 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Emphasis of matter - pension liabilities

Without qualifying my opinion on the financial statements, I draw attention to Note 9 pension provision, and to the recognition as at 31 December 2019 of an asset of €287,000 in respect of deferred pension funding.

Staff of the Regulator are members of two pension schemes: the Single Public Service Pension Scheme for staff recruited since 1 January 2013; or an administrative scheme reflecting the standard conditions of the 'model' pay-as-you-go scheme previously provided for in many public bodies. The 'model' pension scheme was submitted to the Department of Public Expenditure and Reform for approval in 2015.

The financial statements recognise liabilities estimated at €287,000 in respect of past service by staff members who are members of the Single Public Service Pension Scheme. The recognition of a deferred pension funding asset of a matching amount reflects the statutory provision relating to the funding of that scheme.

Liabilities accrued to 31 December 2019 in respect of staff service under the 'model' pension scheme have not been recognised in the audited financial statements, pending the approval of the scheme. The audited financial statements disclose the liabilities under this scheme only by way of note.

Report of the C&AG (continued)

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, 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.



Seamus McCarthy
Comptroller and Auditor General

21 December 2020

Appendix to the report

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

As detailed in the governance statement and statement of 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
- implementing 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.

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 I identify 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 I identify 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 2019 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.

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 is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- 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 2019 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 2019 and completed by 31 March 2020.

Statement on Internal Control

Internal Control Issues

No weaknesses in internal control were identified in relation to 2019 that require disclosure in the financial statements.



Carol Boate

Regulator of the National Lottery

18 December 2020

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.

Governance Statement and Statement of Responsibilities

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 2019.

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 2019.
- 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 four meetings of the Risk Committee in 2019, being one meeting carried forward from 2018 and three regular meetings in respect of 2019.

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

	2019	2018
	€	€
Staff short-term benefits	599,038	462,336
Termination benefits	-	-
Employer pension contributions	126,721	98,798
Employer's contribution to social welfare	62,027	46,239
	<u>787,786</u>	<u>607,373</u>

The total number of staff employed (WTE) at year end was 9 (2018: 6).

Governance Statement and Statement of Responsibilities

Staff Short-Term Benefits

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

	2019	2018
	€	€
Basic pay	<u>599,038</u>	<u>462,336</u>

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	
€		€	2019	2018
60,000	-	69,999	-	-
70,000	-	79,999	1	2
80,000	-	89,999	2	1
90,000	-	99,999	1	1
100,000	-	109,999	-	1
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.

	2019	2018
	€	€
Salaries	500,210	451,279
Employer pension contributions	109,063	96,157
	<u>609,273</u>	<u>547,436</u>

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's remuneration package for the financial period was as follows:

	2019	2018
	€	€
Basic pay	111,040	106,017
Employer pension contributions	33,312	31,736
	<u>144,352</u>	<u>137,753</u>

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 €109,457 (2018: €105,132) are consultancy costs which are the cost of external advice to the Regulator and exclude outsourced "business-as-usual" functions.

	2019	2018
	€	€
Legal services	32,849	34,806
Tax and financial advisory	3,984	4,011
IT and Other	32,052	34,507
	<u>68,885</u>	<u>73,324</u>

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

Travel and Subsistence

	2019	2018
	€	€
Domestic	60	5
International	1,202	1,919
	<u>1,262</u>	<u>1,924</u>

€499 (2018: €1,250) of the above was paid in respect of the Regulator. No other expenses were paid to the Regulator.

Governance Statement and Statement of Responsibilities

Hospitality Expenditure

An amount of €400 (2018: €420) 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 the Department of Public Expenditure and Reform of a Corporate Governance Assurance Agreement for the Office of the Regulator of the National Lottery.



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Carol Boate

Regulator of the National Lottery

18 December 2020

Statement of Income and Expenditure and Retained Revenue Reserves

for the financial year ended 31 December 2019

	Notes	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Income	3	1,508,600	1,501,304
Administration costs	4	<u>(1,171,109)</u>	<u>(1,141,319)</u>
Operating surplus		337,491	359,985
Interest receivable		<u>853</u>	<u>1,111</u>
Surplus for the year		<u>338,344</u>	<u>361,096</u>
Retained earnings at the start of the year		<u>2,247,227</u>	<u>1,886,131</u>
Retained earnings at the end of the year		<u>2,585,571</u>	<u>2,247,227</u>

Notes 1 to 13 form part of these Financial Statements.



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Carol Boate
 Regulator of the National Lottery
 18 December 2020

Statement of Comprehensive Income

for the financial year ended 31 December 2019

	Notes	Year ended 31 December 2019 €	Year ended 31 December 2018 € (as restated - note 10)
Surplus for the year		338,344	361,096
Experience (losses) / gains on retirement benefit obligations	9(b)	18,000	1,000
Changes in assumptions underlying the present value of retirement benefit obligations		(38,000)	7,000
Total actuarial gain / (losses) in the year		(20,000)	8,000
Adjustment to deferred retirement benefits funding		20,000	(8,000)
Other comprehensive income for year		338,344	361,096

Notes 1 to 13 form part of these Financial Statements.



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Carol Boate
 Regulator of the National Lottery
 18 December 2020

Statement of Financial Position

as at 31 December 2019

	Note	2019 €	2018 € (as restated - note 10)
Non-current assets			
Property, plant and equipment	6	<u>51,325</u>	<u>6,370</u>
Current assets			
Debtors	7	125,123	117,759
Cash and cash equivalents		<u>2,912,167</u>	<u>2,660,075</u>
		3,037,290	2,777,834
Creditors (amounts falling due within one year)			
Creditors and accruals	8	<u>(503,044)</u>	<u>(536,977)</u>
Net current assets		2,534,246	2,240,857
Retirement benefits			
Retirement benefit obligations	9(d)	(287,000)	(175,000)
Deferred retirement benefit funding asset	9(c)	<u>287,000</u>	<u>175,000</u>
Net assets		<u><u>2,585,571</u></u>	<u><u>2,247,227</u></u>
Represented by			
Accumulated retained earnings	11	<u><u>2,585,571</u></u>	<u><u>2,247,227</u></u>

Notes 1 to 13 form part of these Financial Statements.



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Carol Boate
 Regulator of the National Lottery
 18 December 2020

Statement of Cash flows

for the financial year ended 31 December 2019

	Notes	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Net cash flows from operating activities			
Operating surplus for the year		337,491	359,985
Depreciation	6	4,776	5,493
(Increase) / Decrease in debtors		(7,364)	(7,428)
Increase / (Decrease) in creditors		(50,574)	127,251
Net cash inflow from operating activities		284,329	485,301
Cash flow from investing activities			
Payments to acquire property, plant and equipment	6	(33,090)	(963)
Cash flow from financing activities			
Interest received		853	1,111
Increase in cash and cash equivalents		252,092	485,449
Cash and cash equivalents at the start of the financial year		2,660,075	2,174,626
Cash and cash equivalents at the end of the financial year		2,912,167	2,660,075

Notes 1 to 13 form part of these Financial Statements.



Carol Boate
Regulator of the National Lottery
18 December 2020

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

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, with the exception of accounting for retirement benefits (see note 10).

(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 year.

(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 25% for leasehold improvements, 33 $\frac{1}{3}$ % 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 2019

(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 since the year end are transferred to the Exchequer monthly in arrears, as agreed with the Department.

The Regulator is providing for employer contributions at a rate of 30% for non-Single Scheme (non-personal pension contribution), 25% for non-Single Scheme (personal pension contribution) and at a rate of three times employee contributions for Single Scheme members.

As a newly prescribed relevant authority in 2019, for the purposes of the Public Service Pension (Single Scheme and Other Provisions) Act 2012, provision is made for the pension liabilities in respect of Single Scheme members, together with recognition of a matching asset for the funding of the liability from Exchequer sources.

Subject to finalisation of the arrangements with the Department, the Regulator expenses employer contributions in respect of non-Single Scheme members and does not recognise a liability for future pension costs for non-Single Scheme members. Disclosure of the actuarial liability for non-Single Scheme members is included in note 9.

See notes 9 and 10 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.

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

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.

Retirement benefits

Subject to the decision of the Department of Public Expenditure and Reform, the Regulator has determined not to recognise pension liabilities with regard to non-Single Scheme members. Subject to receipt of formal confirmation of the funding of such non-Single Scheme liabilities from Exchequer sources, the Regulator will then include the liability, and matching asset, for non-Single Scheme pension liabilities.

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

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 2019, the average Consumer Price Index of 0.5% for the 12 months ended 31 December 2018 as published by the Central Statistics Office on 15 January 2019 was applied by the operator.

	2019	2018
	€	€
Levy income, for the year	<u>1,508,600</u>	<u>1,501,304</u>

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

4 | Administration Costs

	2019	2018
	€	€
Salaries and staff costs	787,786	607,373
Outsourced labour costs	24,343	153,125
Professional fees (Note 5)	109,457	105,132
External audit*	14,200	15,500
Internal audit	18,579	13,742
Rent, service charges and maintenance	126,696	122,303
Cleaning, heat and light	6,297	6,807
Insurances	20,476	18,798
Travel and subsistence	1,262	1,924
Recruitment costs	-	40,798
Training costs and memberships	14,017	9,527
Office supplies and equipment	10,693	8,960
Information and communication technology	23,072	22,329
Publications	2,224	1,680
Depreciation	4,776	5,493
Other administration costs	7,231	7,828
	<u>1,171,109</u>	<u>1,141,319</u>

* External audit includes an amount of €5,700 (2018: €5,000) for audit fees in respect of the National Lottery Fund.

5 | Professional Fees

	2019	2018
	€	€
Legal services	32,849	34,806
Tax and financial advisory	3,984	4,011
Public relations/marketing	29,520	29,520
Pensions and human resources	3,749	2,288
IT and Other	39,355	34,507
	<u>109,457</u>	<u>105,132</u>

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

6 | Property, Plant and Equipment

	Leasehold Improvements	Computer Equipment	Office Fitting, Furniture & Equipment	Telephone System	Total
	€	€	€	€	€
Cost					
At 31 December 2018	-	30,756	6,856	4,182	41,794
Additions during year	48,839	892	-	-	49,731
Disposals during year	-	(486)	-	-	(486)
At 31 December 2019	<u>48,839</u>	<u>31,162</u>	<u>6,856</u>	<u>4,182</u>	<u>91,039</u>
Depreciation					
At 31 December 2018	-	27,268	3,974	4,182	35,424
Charge for year	671	2,734	1,371	-	4,776
Depreciation on disposals	-	(486)	-	-	(486)
At 31 December 2019	<u>671</u>	<u>29,516</u>	<u>5,345</u>	<u>4,182</u>	<u>39,714</u>
Net Book Value					
At 31 December 2019	<u>48,168</u>	<u>1,646</u>	<u>1,511</u>	<u>-</u>	<u>51,325</u>
At 31 December 2018	<u>-</u>	<u>3,488</u>	<u>2,882</u>	<u>-</u>	<u>6,370</u>

Leasehold improvements of €48,839 capitalised in the year are being depreciated over four years, being the period remaining under the property lease to November 2023.

7 | Debtors

	2019	2018
	€	€
Accrued income	99,758	95,174
Prepayments	24,204	21,479
Travel Cards	1,161	1,106
	<u>125,123</u>	<u>117,759</u>

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

8 | Creditors (amounts falling due within one year)

	2019	2018
	€	€
Trade creditors and accruals	137,096	165,121
Pension contributions (Note 9)	338,293	252,606
Sundry creditors/Visa Card	1,393	400
PAYE/PRSI	18,311	15,634
Additional superannuation contribution	2,294	-
Pension related deduction	-	99,135
PSWT liability	1,601	4,011
VAT liability	4,056	70
	<u>503,044</u>	<u>536,977</u>

9 | Pension Provision

A draft defined benefit pension scheme for the Office of the Regulator, based on the Public Service Model Scheme, 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 30% of pensionable pay for non-Single Scheme (non-personal pension contribution) members, 25% of pensionable pay for non-Single Scheme (personal pension contribution) members, and of three times employee contributions for Public Service Pension (Single Scheme and Other Provisions) Act 2012 members (i.e. Single Scheme members) are, subsequent to the year end and as agreed with the Department of Public Expenditure and Reform, transferred to the Exchequer, one month in arrears. At the 31 December 2019 the amount of contributions to be transferred to the Exchequer is €338,293.

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

Non-Single Scheme members

In respect of non-Single Scheme members, the Regulator proposed to the Department of Public Expenditure and Reform that the liability for retirement benefits paid under the non-Single Scheme should be assumed by the State in return for payment of employer and employee contributions based on a percentage of the salaries of the schemes' members. The proposal is based on the principle that the Office of the Regulator of the National Lottery is designated as an approved organisation for the purposes of Section 4 of the Superannuation and Pensions Act, 1963 (No. 24 of 1963), (i.e. the transfer network) and that the Office is not funded to assume the accumulated benefits of non-Single Scheme members, and is not in receipt of Exchequer funding. Discussions with the Department of Public Expenditure and Reform are continuing in regard to the aforementioned proposal.

Pending a decision by the Department of Public Expenditure and Reform in regard to the proposed pension funding arrangements, the retirement benefit costs in the Statement of Income and Expenditure and Retained Revenue Reserves comprise the employer's pension contributions in the year. The employer's pension contributions are calculated as a percentage of relevant salaries, and amount to €80,425 for the year.

The pension liability for the non-Single Scheme members at 31 December 2019 is €2,124,000. The pension liability for these non-Single Scheme members is not reflected in these financial statements pending the decision of the Department of Public Expenditure and Reform.

Single Scheme members

With regard to Single Scheme members, the Office of the Regulator of the National Lottery was prescribed as a relevant authority for the purpose of the Single Scheme in 2019. Employee and employer contributions are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

Actuarial Assumptions

The liability for non-Single Scheme members as disclosed above, and the liability for Single Scheme members as provided for in the financial statements, are based on an actuarial valuation carried out by a qualified actuary using the financial assumptions below for the purpose of FRS 102.

	Year ended 31 December 2019	Year ended 31 December 2018
Discount rate	1.40%	2.1%
Rate of increase in salaries	3.00%	3.15%
Rate of increase in pension	2.5%	2.65%
Inflation	1.5%	1.65%

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

(a) Single scheme staff

Analysis of total retirement benefit costs charged to the Statement of Income and Expenditure and Retained Revenue Reserves in respect of the staff who are members of the Single Scheme.

Single Pension Scheme	2019	2018
	€	€
Total Employer Contributions	45,616	40,368
Current Service Costs*	70,000	52,000
Interest Costs	7,000	4,000
Adjustments to Deferred Exchequer Pension Funding	(77,000)	(56,000)
Total charged to Statement of Income & Expenditure & Retained Revenue Reserves	45,616	40,368

* Employee contributions have been included in the calculation of the current service costs figure.

The Minister for Public Expenditure and Reform, based on actuarial considerations and pursuant to section 16(4) of the Public Service Pension (Single Scheme and Other Provisions) Act 2012 has decided that:

- an employer contribution is to be paid in respect of certain members of the Single Public Sector Pension scheme and
- the rate of that Employer contribution is equal to three times the employee contribution paid by the single scheme member.

Employer contributions must be paid by public service bodies who are funded "wholly or mainly from sources other than directly or indirectly out of the Central Fund". As a self-financing public body, the sum of €45,616 represents the Office of the Regulator's liability for employer contributions to the Single Public Service Pensions scheme. These amounts are paid over to the Department of Public Expenditure and Reform monthly in arrears.

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

(b) Movement in single scheme net retirement benefit obligations during the financial year

	2019	2018
	€	€
Net Pension Liability at 1 January	175,000	119,000
Current Service Costs	70,000	52,000
Employee Contributions	15,000	8,000
Interest Costs	7,000	4,000
Experience losses/(gains) on scheme liabilities	(18,000)	(1,000)
Changes in assumptions	38,000	(7,000)
Net Pension Liability at 31 December	287,000	175,000

(c) Single Scheme Deferred funding for retirement benefits

The Office of the Regulator of the National Lottery recognises these amounts as an asset corresponding to the unfunded deferred liability for retirement benefits on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, the prescribing of the Office of the Regulator of the National Lottery as a relevant authority for the purposes of the Single Scheme and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process.

(d) Single Scheme Defined benefit obligations

	2019	2018
	€	€
Defined benefit obligations	287,000	175,000

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

10 | Prior Year Adjustment – Accounting For Retirement Benefits

Position to 31 December 2018

The arrangements in place in respect of employee retirement benefits were (and remain) as detailed in Note 9 above, other than the Office of the Regulator of the National Lottery was prescribed as a relevant authority in 2019. The Regulator had previously formed the judgement that these arrangements came within the definition of a defined contribution scheme as defined by FRS102. Accordingly, the Regulator had heretofore accounted for its employer contributions in accordance with the provisions of the Standard, i.e. by charging the cost of contributions payable to the scheme in the year to the Income and Expenditure Account.

Position with effect from 1 January 2019

As explained in the accounting policy note for retirement benefits, and in note 9 above, following the prescribing of the Office of the Regulator of the National Lottery as a relevant authority for the purposes of the Single Scheme, the Regulator now considers that in substance the Office retains full obligation for the settlement of defined benefit pension liabilities and has a matching asset in the form of a receivable amount from the Exchequer. Accordingly, the Office of the Regulator's obligations on Single Scheme pension obligations are now recognised as a defined benefit obligation under the provisions of FRS102 together with appropriate adjustments to reflect the commitments from the Exchequer. This is treated as a change in accounting policy and gives rise to the requirement for a prior year adjustment to the amounts previously reported in respect of the year ended 31 December 2018, detailed as follows:

Amendment to financial statements for the year ended 31 December 2018

The foregoing change in accounting policy does not impact upon the Income and Expenditure for the year ended 31 December 2018 (or prior years). There are no adjustments to the balances for reserves carried forward from prior years as of 1 January 2018. The following amendments are reflected in the Statement of Comprehensive Income for the year ended 31 December, 2018.

	2018 As published	Movement	2018 Restated
	€	€	€
Experience gains on pension scheme liabilities	nil	1,000	1,000
Change in assumptions underlying the present value of pension scheme liabilities	nil	7,000	7,000
Adjustments to deferred Exchequer pension funding	nil	(8,000)	(8,000)

Notes

(forming part of the financial statements)

for the year ended 31 December 2019

The following amendments are reflected in the Balance Sheet at 31 December 2018.

	2018 As published	Movement	2018 Restated
	€	€	€
Retirement benefit obligations	-	(175,000)	(175,000)
Deferred retirement benefit funding asset	-	175,000	175,000

11 | Accumulated Retained Earnings

	2019 €
At beginning of year	2,247,227
Surplus for year	338,344
Retained earnings at the end of the year	<u>2,585,571</u>

12 | Capital Commitments

There were no commitments for capital expenditure at 31 December 2019.

13 | Approval of Financial Statements

The financial statements were approved by the Regulator of the National Lottery on 18th December 2020.

3

National Lottery Fund Report and Financial Statements

for the year ended 31 December 2019

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National Lottery Fund



Ard Reachtaire Cuntas agus Ciste **Comptroller and Auditor General**

Report for presentation to the Houses of the Oireachtas **National Lottery Fund**

Opinion on the financial statements

I have audited the financial statements of the National Lottery Fund prepared by the Regulator of the National Lottery for the year ended 31 December 2019 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 2019, and
- the balance of the Fund at 31 December 2019.

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 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 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

30 June 2020

National Lottery Fund

Appendix to the report

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

The governance statement 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
- implementing 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.

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 I identify 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 I identify 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 2019 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 2019 and completed by 31 March 2020.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2019 that require disclosure in the financial statements.



Carol Boate

Regulator of the National Lottery

22 June 2020

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.



Carol Boate

Regulator of the National Lottery

22 June 2020

National Lottery Fund

Account of Receipts and Payments

for the year ended 31 December 2019

	Note	2019		2018	
		€'000	€'000	€'000	€'000
Received from the operator	4		557,827		493,795
less:					
Paid to the operator in respect of:	5				
Prizes		210,206		196,871	
Operator's entitlement		<u>82,831</u>	<u>293,037</u>	<u>73,051</u>	<u>269,922</u>
			264,790		223,873
less:					
Paid to the Regulator in respect of Regulator Levy	9		<u>1,504</u>		<u>1,497</u>
			263,286		222,376
Investment Interest Received/(Paid)	6		<u>(217)</u>		<u>(325)</u>
			263,069		222,051
Transferred to the Central Fund	7		<u>(250,663)</u>		<u>(224,647)</u>
Increase/(Decrease) in Investment transferred to/ (from) Reserve			<u>12,406</u>		<u>(2,596)</u>

Reserve Account

		2019	2018
		€'000	€'000
Balance on deposit at 1 January		31,416	34,012
Increase/ (Decrease) in Investment		<u>12,406</u>	<u>(2,596)</u>
Balance on deposit at 31 December	6	43,822	31,416
less:			
Balance retained in respect of historic expired prizes	8	(16,092)	(16,092)
Liability for Regulator Levy	9	(99)	(95)
Liability for Prizes and Operator's Entitlement	10	<u>(7,139)</u>	<u>0</u>
Balance available for distribution through the Central Fund	7	<u>20,492</u>	<u>15,229</u>

Notes 1 to 12 form part of these Accounts



Carol Boate
Regulator of the National Lottery
22 June 2020

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 €558 million in 2019 (2018: €494 million).

Total sales, on an accruals basis for the year ended 31 December 2019, recognised in the financial statements of the operator, were €884.5 million (2018: €805.0 million).

National Lottery Fund

Notes to the Accounts

In addition to the differing accounting treatments adopted in the Fund and the operator (i.e. cash receipts basis as compared to an accruals basis), the amounts received by the Fund are after deduction of retailers' commission and payments to retailers in respect of prizes paid by retailers whereas Sales reported by the operator are before these deductions.

5 | Amounts paid to the operator

The amounts paid to the operator were €293 million in 2019 (2018: €270 million), being €210 million in respect of prizes payments (2018: €197 million) and €83 million in respect of operator's entitlement (2018: €73 million).

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. Interest is recognised on payment or receipt. The estimated interest in respect of 2019 unpaid by the Fund at the year-end amounted to €55,036.

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 2019, 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.

Subsequent to the year end it was determined that this amount could be released and a transfer of €16.092 million was made on 17 April 2020 from the National Lottery Fund to the Exchequer for the purposes of good causes.

National Lottery Fund

Notes to the Accounts

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 2019 is €99,200.

10 | Liability for Prizes and Operator's Entitlement

The Fund received €12.623m from the operator on 31 December 2019 in respect of week ended 21 December 2019. Subsequent to the year end, on 3 January 2020, the Fund transferred €7.139m (€5.333m in respect of prizes and €1.806m in respect of operator's entitlement) to the operator in respect of this receipt. The amount of €7.139m is recognised as a liability in the Reserve Account at the year end.

In addition, and subsequent to the year end, the operator claimed an amount of €0.128m from the Fund in respect of previously underclaimed prizes amounts relating to the years 2016 to 2018. This amount is accounted for in 2020, the year in which the claim is made on the Fund.

11 | Audit Fee

The audit fee is paid by the Office of the Regulator of the National Lottery. The audit fee for 2019 is €5,700.

12 | Approval of the National Lottery Fund Account

The National Lottery Fund Account in respect of the year ended 31 December 2019 was approved by the Regulator on 22nd June 2020.



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Carol Boate

Regulator of the National Lottery

22 June 2020



Rialálaí an Chrannchuir Náisiúnta
Regulator of the National Lottery

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