



Rialálaí an Chrannchuir Náisiúnta
Regulator of the National Lottery


Annual Report
2020





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



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 2020.

In 2020, €270.3 million was transferred from the National Lottery Fund to the Exchequer to support Good Causes. This included a specific amount of €16.1 million in respect of expired unclaimed prizes under previous licences, which remained in the National Lottery Fund at the date of commencement of the current Licence. The other €254.2 million transferred during the year represented an increase of 1.4% on the previous year (€250.7 million).

The arrival of the COVID-19 pandemic in Ireland in 2020 impacted on the National Lottery in several distinct ways:

- ▶ The need for social distancing meant that Winning Streak TV game shows could no longer be held. I approved the early termination of the game following a review to ensure that players were not disadvantaged.
- ▶ As the country was asked to stay at home, the Operator increased its monitoring of players at risk of excessive or problem play online, and its communications with those players.
- ▶ It was proposed to temporarily extend the number of days all players had to claim a prize from 90 days to 180 days. This proposal prevented prizes from expiring during the period of the travel restrictions and was approved.
- ▶ Winners of high tier prizes who were prevented from claiming their prize in person at National Lottery headquarters in Dublin's city centre, as required by the Licence, were asked to make appointments to collect their prize after the lockdown. As the duration of the restrictions on travel and movement continued, the delay to winners of high tier prizes grew and the number of such winners grew, and so the Operator and I amended the Licence to allow for a robust remote prize claim process to be provided on a temporary basis. The Licence was further amended to extend the period of the availability of the remote claim process.

- ▶ During the initial restrictions period, the Operator's customer services phone line was inoperable in a work from home setting, and so did not meet the related annual performance standards. Ultimately, an effective and enduring new system was put in place relatively quickly and my Office will continue to monitor these metrics.
- ▶ Finally, the pandemic caused an acceleration in the growth of the online channel which accounted for 14.8% of total sales in 2020, up from 9.1% in 2019.

Like most workplaces throughout Ireland, the requirement to work from home where possible meant that the Office of the Regulator of the National Lottery (ORNL) had to swiftly move to a remote working model. The ORNL had very limited remote working capability in February 2020 but by 12 March (when the Taoiseach announced the restrictions on non-essential work and the direction to work from home where possible) all ORNL staff were working from home on a secure IT system and under new governance policies and procedures for a remote working environment. As a result, the ORNL was well placed to deal with the urgent, novel, and complex issues that the pandemic created for the National Lottery from March 2020 onwards, including increased scrutiny of the Operator's monitoring and interventions regarding player activity in the online channel.

At the same time, all business-as-usual work continued, and several key projects were completed in 2020, as set out below.

- ▶ Following the receipt of several complaints from players who found it difficult to discern the expiry date of scratch card prizes, my Office engaged the Operator with a view to improving the situation for players. As a result, all scratch card tickets now display their precise expiry date on the reverse of the card in bold writing.
- ▶ As reported in my 2019 Annual Report, an examination of what led to anomalies in three scratch card games, relating to four omitted top prizes, commenced in December 2019. In October 2020, on its conclusion, I published the findings of my independent inquiry - including the breaches of the National Lottery Act 2013 and Licence that occurred. The inquiry considered, in detail, the cause and impact of the issue, the actions taken, and the measures in place to prevent a recurrence. There was no indication that the integrity of the National Lottery or the Fund for Good Causes had been materially compromised and my Office checked that this issue did not affect any National Lottery games other than those named in the inquiry. I am satisfied that information was not withheld, and that the Operator's staff had (mistakenly) believed that the games were correctly run. Several 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. No such further errors have been detected to date.
- ▶ The first ever amendment to the Licence was made in April 2020. It allowed €16.1 million in Historic Expired Unclaimed Prizes to be returned to the Exchequer for the benefit of Good Causes. These were monies dating back to previous licences and related to National Lottery prizes not claimed by winners by their expiry date. This amendment was followed by three more in 2020, two of which related to the introduction of the remote prize claim process for high tier prizes due to public health travel restrictions, and another that was finalised in 2021.

- ▶ In September 2020, the Licence was amended to provide for the newly published European Union Regulation seeking to facilitate the free movement of non-personal data processing services within the European Union. The Licence now requires that such processing must be conducted in a specific Member State of the European Union though not necessarily the Irish State.
- ▶ In November 2020, I determined that the form and timing of an annual reconciliation of the Prize Fund Account that is required under the Act and Licence should be agreed and recorded in the Licence itself. This is reflected in an amendment to the Licence agreed in May 2021 and in the accounts for the National Lottery Fund. Details of each amendment are published on the website of the ORNL.
- ▶ In September 2020, I determined that the Operator had breached Schedule 9, paragraph 5 of the Licence which provides that the maximum weekly player spend for online games is €300. This was due to an unforeseen technical issue resulting from a software change and affected the last week in 2019 and first week in 2020. A software fix was put in place, with follow up testing, and the Operator contacted affected players and issued refund cheques for amounts spent over the €300 limit. In January 2021 the Operator confirmed that the fix had been successful, and I concluded that no further action was required.

The good work of this Office is delivered through its people and I would like to acknowledge the shared commitment demonstrated by management and staff in what has been an extraordinary year. We smoothly transitioned from a fully office-based operation to a fully remote one and responded to the unique challenges of 2020 with both agility and determination to uphold the same values and standards. I would like to take this opportunity to thank my colleagues for the many additional hours and innovative thinking they contributed in 2020 to ensure that the National Lottery navigated these uncharted waters in a manner that prioritised the interests of players and safeguarded this important State asset.



Carol Boate
Regulator of the National Lottery
September 2021

1.2 | The Regulator's Vision, Mission and Values

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.



1.3 | Management Team



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 25 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.

1.4 | The Functions of The Regulator

The Functions of the Regulator which supports her vision, are prescribed in the National Lottery Act 2013, and include the following:

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

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

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

and, subject to 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.

1.5 Oversight of the Operator

The 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 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 what was an extraordinary year, the Operator achieved most projected standards apart from several related to the customer contact centre whose phone service was found to be inoperable from the homes of National Lottery staff. The Regulator sought specific explanations as to why these targets were not achieved.

The pandemic restrictions impacted on the operations of the National Lottery, and like many businesses, the Operator was required to swiftly alter its working model which resulted in implications for the National Lottery customer contact centre as staff were asked to work from home. The Operator initially prioritised certain aspects of operations including prioritising IT resources to (a) enable staff to work from home as quickly as possible so that the National Lottery could continue to be held and (b) change the expiry period for National Lottery games from 90 days to 180 days to avoid prizes expiring so as to facilitate and encourage players to stay at home rather than go to a shop or claim centre to claim their prize.

The practical shortcomings of running a customer service centre from domestic settings further impacted on its performance. Ultimately, an effective and enduring new customer contact phone service was set up relatively quickly. Subsequently, when deemed safe to do so and with appropriate safety measures in place, contact centre staff returned to the office and customer service standards recovered.

The Regulator determined to take no further action regarding this matter as, notwithstanding the missed performance metrics, PLI operated the National Lottery in a proper manner in keeping with the Regulator's statutory objectives and which maintained the good reputation of the National Lottery during this turbulent time.

The Regulator has advised the Operator that these metrics will be subject to ongoing close monitoring. See Appendix A for extracts from the 2020 annual performance standards report from the Operator.

Various reports received from the Operator

Thirty-one different types of reports were received on a regular basis from the Operator in 2020 (see Appendix B). These cover various aspects of the business, including finance, governance, technology, customer service and game performance.

1.5.1 | National Lottery Operations and Funds for Good Causes

As reported by the Operator, approximately 1.3 million people played National Lottery games on a regular basis in 2020 and ticket sales for 2020 amounted to €918.9 million (2019: €884.5 million). Sales for draw based games were €592.0 million (2019: €586.7 million), while sales for instant games (scratch card and interactive instant win games) were €326.9 million (2019: €297.8 million).

The retail channel network declined in 2020. The Operator reported that there were 5,415 active retail agents as of 31 December 2020, down 4.9% from 2019 (5,691). Online sales grew by approximately 68.28% and represented 14.8% of total sales (2019: 9.1%).

Returns **generated** for Good Causes continued to grow. The Operator's accounts show that the returns generated for Good Causes increased by 0.8% to €253.6 million (2019: €251.6 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 2020, from the Operator's accounts, is as follows:

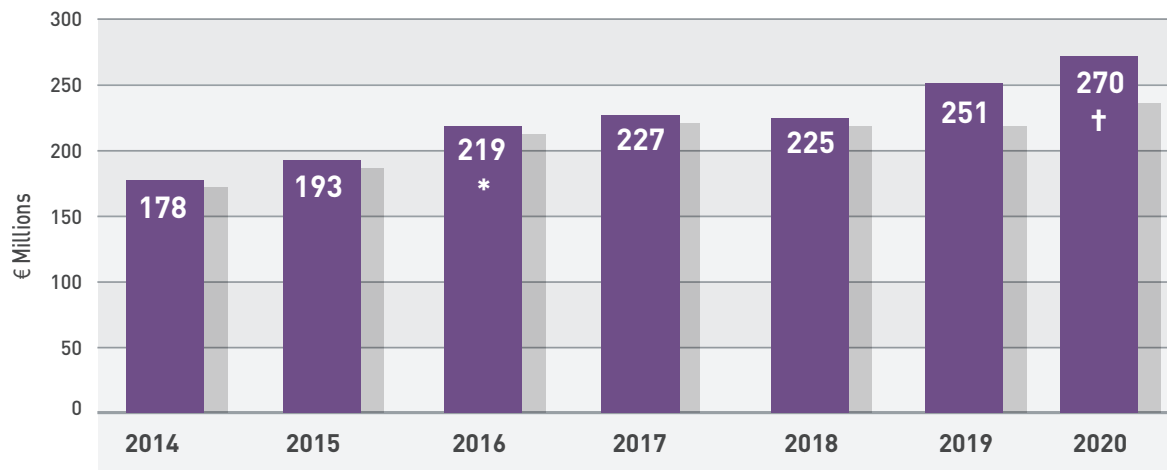
Year	2015	2016	2017	2018	2019	2020
Sales	€670.4m	€750.2m	€800.2m	€805.0m	€884.5m	€918.9m
Prize pay-out %	56.85%	56.25%	56.49%	56.35%	56.25%	57.56%
Generated for Good Causes	€188.0m	€213.3m	€226.3m	€228.5m	€251.6m	€253.6m

The total amounts **transferred** from the National Lottery Fund by the ORNL to the Exchequer for distribution to Good Causes in 2020 was €270.3 million (2019: €250.7 million), an increase of 7.8% on 2019. The transfers in 2020 included an amount of €16.1 million in respect of historical expired unclaimed prizes. On a like for like basis there was a 1.4% increase in total amounts transferred for distribution to Good Causes from 2019 to 2020.

The returns to Good Causes generated by the Operator in 2020 relate to ticket sales recorded in that calendar year, i.e., 1 January to 31 December 2020. Funds for Good Causes transferred to the Exchequer during 2020 (which are on a cash receipts basis), other than in respect of historical expired unclaimed prizes, relate to monies earned from ticket sales in the 52-week period from 15 December 2019 to 12 December 2020.

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 2020 were as set out in the figure below.

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



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

† The transfers in 2020 included an amount of €16.1 million in respect of historical expired unclaimed prizes.

1.5.2 | Player Protection

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.

After the outbreak of COVID-19 in Ireland, the Regulator engaged with the Operator to ascertain what additional steps it was taking to prevent excessive, or problem play online while the public was staying at home because of the public health restrictions. The Operator confirmed it had increased the frequency of its monitoring of players at risk of excessive or problem play and its communications with those players that are designed to prevent problem play. Close scrutiny was applied by the Regulator to ensure that the Operator was properly identifying at-risk play and issuing appropriate communications to at-risk players throughout the year.

1.5.3 | 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.

1.5.4 | 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 [ORNL's website](#) and from the Operator. Details on how to complain to the ORNL and the complaints process are set out on the [ORNL's website](#). When the ORNL receives a complaint from a member of the public, it must be considered from a regulatory perspective to see 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 2020 and Action Taken

Subject Matter of Complaints	Numbers
Equipment in Retailers not Functioning	6
Retailer Complaint	10
Online Experience	25
Game Design / Price	1
Expired Scratch Cards	1
Information Provided	17
Quality of Materials	0
Not Related to the National Lottery	2
Total	62
Action Taken by Regulator	Numbers
The ORNL responded directly	42
The Operator responded after contact from the ORNL	20
Ongoing complaints on 31 December 2020	3

Prize Expiry Dates

Following the receipt in 2019 of several complaints from players who found it difficult to discern the expiry date of scratch card prizes, the ORNL engaged the Operator with a view to improving the situation for players. Players have 90 days from the date of a lottery draw or from when a scratch card game ends to claim a prize (although this was extended to 180 days on a temporary basis during COVID-19). This information is included on all National Lottery tickets. The date of the relevant draw is always clearly printed on any draw-based game ticket. However, the date that scratch card games end was not typically provided in advance and was often based on how quickly or slowly the game was selling (with exceptions for seasonal scratch card games such as Christmas games). The back of the scratch card directed players to the website where scratch card game end dates could be located.

Following engagement with the Operator, in 2020 the Regulator considered that, based on the evidence, it was not in the best interests of players to have to visit a website to obtain this key piece of information about a retail product. The Regulator asked the Operator to consider how it could better communicate prize expiry dates to scratch card players in store, in line with its obligation under Clause 6.9.1 to use its best endeavours to facilitate that such prizes are claimed. Ultimately, the Operator ascertained that it could deduce appropriate game end dates for scratch cards in advance and proposed that they would be printed on the scratch card ticket. As a result, all scratch card game tickets now display the precise expiry date of prizes in the game on the reverse of the card in bold writing.

Successor Games

In September 2020, the Regulator determined a category of games to be known as "Successor Games" that are updated editions of existing approved scratch card games. This was the first category of games determined by the Regulator. A scheme for the category was approved whereby updates to scratch card games are limited to defined parameters and all successor games must have the final prize claim date printed on the reverse of the card in bold writing.

1.5.5 | Themed Compliance Reviews

During 2020 the ORNL conducted the following themed compliance reviews:

Reporting of Complaints

Clause 8.19 of the Licence requires the Operator to provide the ORNL with details of complaints received by it and the action taken to address each type of complaint. The Operator was requested to provide copies of all player correspondence and phone calls received by it during a random 10-day period in 2019. The purpose of the review was to check that the Operator is correctly providing details of all complaints it received from players to the ORNL.

The ORNL reviewed 3,559 emails and phone calls from the general public to the Operator over the 10-day period and determined which could be categorised as a complaint. This much smaller set of records was then compared to the reports the Operator sent to the ORNL with details of complaints received by it in that 10-day period. The Regulator was satisfied with PLI's compliance regarding these records and no further action was required.

Trademarks

The provisions relating to trademark and copyright, set out in Clause 7 of the Licence, detail the role of the Regulator and the Operator. In accordance with section 7.3.3 there are requirements for the Operator to display the National Lottery logo on tickets, documents and equipment relating to the National Lottery.

The Regulator monitors the use of trademarks on an ongoing basis and completes a review of the Operator's compliance annually. No requirement to enforce the rights of the trademark of the National Lottery arose in 2020.

1.5.6 | Enforcement

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). 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.

Online Spend Limits

During the week commencing 30 December 2019, 116 players spent more than €300 on online National Lottery games. Schedule 9, paragraph 5 of the Licence provides that the maximum weekly player spend for online games is €300. The Operator identified the matter and explained that it was due to an unforeseen technical issue resulting from a software change implemented in the last week of 2019 and the first week of 2020 and this was the first time this had happened. A software resolution, and scheduled testing of that resolution, was put in place expediently. The Operator contacted affected players and issued refund cheques for amounts over €300.

On 14 September 2020, the Regulator determined that the Operator had breached Schedule 9, paragraph 5 of the Licence. In January 2021, the Operator confirmed testing was complete and that the software resolution had been successful. No further action was required.

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 on the ORNL website [here](#).

The Regulator found that four prizes across three games were incorrect due to human error on the part of staff at the Operator and a failure by the Operator to have adequate controls in place to identify and correct such errors. The Regulator determined that the Operator breached three provisions of the Act and the Licence. These are the first ever breaches of this kind.

A New Year's Special Draw that took place on 31 December 2019, which would return the value of the omitted prizes at no additional cost to players, was entirely funded by the Operator. To ensure that the Operator did not benefit financially from the Special Draw, a €50,000 donation was made to a mental health charity.

Revenues generated for Good Causes were not harmed by the errors and sales of National Lottery tickets and scratch cards did not diminish in 2020. There was no indication of a significant loss of trust by players in the propriety of the National Lottery and 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.

1.6 Regulatory Requests under the Act and the Licence

Some aspects of the Operator's activities require the Regulator's written approval of 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, and
 - ▶ Code of Practice on Vetting Procedures.

Assessment process

Clause 23 of the Licence provides for and sets out the procedure for any requests made by the Operator that require the Regulator's review and approval. Every request for approval or consent is examined to assess whether it complies with 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, a request would be ultimately approved. Where the Operator is unable to address the concerns, within the required timeframe, a request would be either rejected by the Regulator or withdrawn by the Operator.

2020 Requests

2020 saw the highest number of Requests from the Operator since the Licence commenced, driven in part by measures required to manage the National Lottery's response to COVID-19. Of the 59 requests received, ten requests related to measures required in response to the COVID-19 pandemic.

Status	All Requests	Game Related
Received	59	36
Approved	52	36
Refused	0	0
Withdrawn by Operator	6	0
Under consideration on 31 December 2020	1	0

See Appendix C for details.

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

COVID-19 Related Requests

In 2020, ten requests were received from the Operator to address matters that arose as a direct result of the COVID-19 pandemic. These included changes to the *Winning Streak* TV Game Show, extensions to prize claim dates, changes to prize claim processes/facilities, and new technology or processes related to remote working. The approved requests were as follows:

- ▶ **Winning Streak** - With the evolving COVID-19 situation, the Regulator swiftly approved changes to the *Winning Streak* scratch card game in March 2020 following a review to ensure that players were not disadvantaged. Due to the nature of the *Winning Streak* TV Game Show's studio audience format with player participation, it was decided in the best interests of public health to take the game off sale and temporarily cancel the TV game show. The Operator withdrew all *Winning Streak* scratch cards from sale and confirmed that it would honour all the valid *Winning Streak* scratch card three-star entries sold up to the cancellation date, by way of a final *Winning Streak* Game Show which would take place when it became safe to do so (*Lotto* and *Telly Bingo* shows continued as their broadcast formats did not pose similar public health risks). The final *Winning Streak* Game Show was held on 16 September 2020 at RTÉ studios but was not televised. It was held without a studio audience and in line with RTÉ's COVID-19 protocols. KPMG staff attended and the Game Show was run in line with the rules of the game and usual security checks and balances. Unfortunately, at the time of writing, it is still not yet possible for *Winning Streak* to return safely.
- ▶ **Temporary Extension to Prize Claim Period** - As the country was asked to stay at home in March 2020, the Operator requested to temporarily extend the number of days players had to claim a prize from 90 days to 180 days for certain scratch card and draw based games. This proposal would prevent prizes from expiring during the period of travel and movement restrictions and reassure players that winnings could be claimed when it was safe to do so. Technical development and testing were undertaken by the Operator to ensure this measure could be executed successfully.

The Regulator prioritised and approved these requests to protect the interests of players of the National Lottery in these unprecedented circumstances. In July 2020, following Phase 3 re-opening, the prize claim period reverted to 90 days. The games which had extended claim periods were as follows:

- ▶ *All Cash* End Dates – In March, approval was granted to extend the end claim dates across the range of *All Cash* scratch card games by 90 days.
- ▶ Scratch Card End Dates - A similar approval was granted in March to extend the period for claiming prizes in the following scratch card games: Game 224 Crossword Doubler, Game 225 Crossword Plus, Game 226 Diamond Bingo Doubler, Game 219 Bingo Times 10, Game 223 Congratulations, Game 235 Hampers Sweets & Treats, Game 236 Merry Money, and Game 237 Christmas Countdown.
- ▶ Draw Based Prize Claim Dates – Due to travel and movement restrictions, approval was granted in April to extend the period for claiming prizes in the following draw-based games:
 - ▶ Euro Millions and Euro Millions Plus.
 - ▶ Lotto and Lotto Plus.
 - ▶ Lotto 54321.
 - ▶ Daily Millions and Daily Millions Plus.
 - ▶ Telly Bingo.
- ▶ **Temporary Remote Prize Claim Process** - When the country was asked to stay at home, winners of high tier prizes, who would normally collect their prize in person, were asked to make appointments to collect their prize after the lockdown. The extension of the prize claim dates ensured that these prizes would not expire. However, as the duration of the restrictions continued, the Operator proposed an alternative procedure for paying high tier prizes that built on the existing postal claim process for mid-tier prizes and a related temporary amendment to the Licence, which were reviewed by the ORNL and ultimately approved by the Regulator.

In July 2020 and February 2021, approval was granted to extend the duration of the temporary amendment, and to further amend the Licence to allow for a member of the National Lottery team to travel to the homes of winners of high tier prizes to process claims.

The details of these Licence amendments were published on the [Regulator's website](#) in turn and are provided in section 1.9 below.

1.7 | 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.

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 2020, €270.3 million was transferred to the Exchequer for Good Causes (inclusive of €16.1 million in respect of historical expired unclaimed prizes) - compared with €250.7 million in 2019.

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 Instant Win Games. Checks are performed regarding the amounts allocated to prizes, Good Causes, retailers, and the Operator. 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 and the percentage going to retailers, are all accounted for correctly.

Transfers of Funds

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

STEP 1

The Operator lodges to the Fund the total amount of ticket sales net of retailers' commissions and of small prizes paid by retailers.

STEP 2

The Regulator transfers from the Fund to the Operator the amount in respect of prizes, other than small prizes, for the week.

STEP 3

The Regulator reserves in the Fund the amount in respect of Good Causes.

STEP 4

The Regulator transfers the amount due in respect of the Regulator's levy.

STEP 5

The Regulator transfers the remaining amount in respect of the week to the Operator.

Amount due to Prize Fund Account

The Operator is required to hold a Prize Fund Account specifically for the receipt and payment of prizes monies.

The amount paid each week into the Prize Fund Account is based on the estimated prizes won, as it is not possible to base it on the actual prizes won in a particular week. This is due to security measures in place to ensure that winning scratch card tickets cannot be identified until played. It is also possible for the actual prizes won in a particular week to exceed the proceeds from sales paid into the Fund for the same week (due to high jackpot and top prize wins in a week).

This means that the balance available in the Prize Fund Account will vary from the actual prizes won in National Lottery games that have yet to be claimed. To comply with the Act, the Prize Fund Account must be reconciled periodically to ensure it has sufficient funds to pay prizes. However, the Licence to operate the National Lottery does not specify how or when any such reconciliation should take place.

While there has never been a situation where the Prize Fund Account has not been able to pay a prize under the Licence to date - and such a situation is unlikely in the short run - it could arise at some point in the future, during the 20-year lifetime of the Licence, if not addressed.

For that reason, the Regulator has taken steps to address the matter. Following extensive engagement with the Operator and external legal counsel, the Regulator proposed to amend the Licence to provide for an annual reconciliation of the Prize Fund Account.

The Regulator determined that the National Lottery Fund is liable for the actual prizes won, and the Licence requires that the amounts to be paid into and out of the Fund on a weekly basis were to be calculated by reference to the expected prizes associated with the sales in that week (as has been done to date), **with an annual reconciliation to actual prizes won to take place after the end of each Financial Year to calculate the annual payment adjustment required to the Prize Fund Account.**

Given the importance of the reconciliation, it was agreed by the Regulator and the Operator that the form and timing of the annual reconciliation and consequent balancing payments should be agreed and recorded by way of an amendment to the Licence.

Subsequently, in May 2021, the Regulator reached agreement with the Operator on a method of annual reconciliation to determine the year-end balance due in respect of prizes. The method and timing of the annual reconciliation and consequent balancing payments was agreed by way of an amendment to the Licence, which was published on the ORNL [website](#). A once-off reconciliation from the date the Operator commenced operations to 31 December 2020 was also provided for.

The annual reconciliation avoids a risk of a situation developing over the 20 years of the Licence where there are insufficient funds in the Prize Fund Account to pay players the actual prizes won in National Lottery games. Similarly, it avoids a risk of a situation developing where there are excess funds in the Prize Fund Account, which are not required to pay players the actual prizes won in National Lottery games and yet cannot be released for use by Good Causes.

There will be an adjustment in April every year for Good Causes' (65%) share of the adjustment to the Prize Fund Account, which will be reflected in subsequent transfers to the Exchequer. The direction of the adjustment each year could be to increase or reduce returns transferred to Good Causes, to agree with the actual returns earned for Good Causes. The scale of the adjustment required in any financial year will vary from year to year and will be recorded in the accounts for the Fund.

The accounts of the National Lottery Fund recognise the balance due to the Prize Fund Account in the 2020 accounts. The amount due to the Prize Fund Account from the National Lottery Fund on 31 December 2020 was €5.7 million and this was transferred to the Prize Fund Account in June 2021.

Historic Expired Unclaimed Prizes

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 in respect of expired prizes remaining in the Fund from the previous operator. This amount is included in the total transferred to the Exchequer in 2020 of €270.3 million. Details of the amendment to the Licence to facilitate this transfer were published on the [website](#) of the ORNL and in the [2019 Annual Report and Accounts](#) and are also provided in section 1.10 below.

Annual Accounts of the National Lottery Fund

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

1.8 | 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.

No requirement to enforce the rights of the trademark of the National Lottery arose in 2020.

1.9 | Amendments to the Licence

Historic Expired Unclaimed Prizes

On 1 April 2020, the Regulator announced the first amendment to the Licence following her confirmation that a total of €16.092 million in Historical Expired Unclaimed Prizes (HEUP) from the National Lottery would be returned to the Exchequer for the benefit of National Lottery Good Causes. The amendment was made in agreement with the Operator.

The money dated back to the end of the previous licence held by An Post National Lottery Company (APNLC) and related to prizes not claimed by winners by the ticket expiry date. The current Licence (operated by the Operator) did not explicitly state what should happen to this money as the operation of the National Lottery transitioned from APNLC to the Operator. Following extensive review by the Regulator, it was determined that neither the State nor the Operator were entitled to the money and, ultimately, the issue was resolved by amending the Licence.

The amendment of 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.”

Prize Payment

With the outbreak of COVID-19 in Ireland, National Lottery headquarters closed to the public in line with Government Regulations which required members of the public to restrict their travel and workers to work from home where possible. Under the Licence and Game Rules, winners of high tier prizes must claim their prize in person at National Lottery HQ in Dublin's city centre. When the country was asked to stay at home, these winners were asked to make appointments to collect their prize after the lockdown and the extension of the prize claim dates ensured that these prizes would not expire. However, as the duration of the restrictions on travel and movement continued, the delay to winners of high tier prizes grew and the number of such winners grew. The Regulator asked the Operator to consider how it could pay prizes without the need for winners to travel to National Lottery headquarters, in a manner that allowed the Operator to verify the age and identity of the winner while at the same time protecting the anonymity of the winner. This would require a change in the terms of the Licence.

Under a formal process in the Licence, the Operator proposed an alternative procedure for paying high tier prizes that built on the existing postal claim process for mid-tier prizes and a related temporary amendment to the Licence which were reviewed by the ORNL and ultimately approved by the Regulator.

In July 2020 and February 2021, approval was granted to extend the duration of the temporary amendment, due to ongoing COVID-19 related restrictions on travel, and to further amend the Licence to allow for a member of the National Lottery team to travel to the homes of winners of high tier prizes to collect the required documentation to process claims at Lottery HQ. Details of when relevant winners can, once again, attend at National Lottery HQ, will be published on the ORNL's website in due course.

The amendment was as follows:

“Winners of prizes of €10,000 or more must present themselves at National Lottery HQ where their age and identification details will be verified before a cheque is issued. Alternatively, if winners are unable to present themselves at National Lottery HQ due to the official COVID-19 health restrictions, and following confirmation from the National Lottery Claims team, a claim form and all required documentation may be posted to National Lottery HQ by the claimant at the claimant’s sole risk. If valid, claims will be paid by cheque.”

Regulation (EU) 2018/1807 - Free Flow of Non-Personal Data in the European Union

In December 2018, Regulation (EU) 2018/1807 on a Framework for the Free Flow of Non-Personal Data in the European Union was published in the Official Journal of the European Union. The Regulation seeks to facilitate the free movement of non-personal data processing services within the European Union by prohibiting rules, including any in the Act or the Licence, requiring that such processing must be conducted in a specific Member State of the European Union. Member States are required to, among other things, repeal provisions of national law which are inconsistent with the Regulation. The Regulation became law in Ireland on 28 May 2019.

Clause 1.1.10 and Clause 3.2 of the Licence required that certain processing activities were to be conducted in Ireland. On 24 September 2020, the Regulator and the Operator agreed to amend these clauses to allow such processing anywhere in the European Union to align with the Regulation.

The amended wording of Clause 1.1.10 is as follows:

“Central System’ means the hardware and the operating software to be utilised by the Licensee covering the operational needs of the National Lottery (excluding On-Line Facilities) and any updates, releases, versions, patches or additions thereof and which reside in the Licensees data centres (primary data centre and disaster recovery data centre) dedicated to the operation of the National Lottery. In case of a difference between the Central System and a Ticket, the information in the Central System prevails.”

The amended wording of Clause 3.2 is as follows:

"The Licensee shall, for the purposes of supervision, ensure that on the Effective Date and for the whole term of the Licence, material aspects of Operations are to be located in and conducted from (as applicable) within the European Union (within the meaning of the European Communities Acts 1972 – 2012). Such aspects shall include the primary data centre, the disaster recovery data centre, Retailer technical and commercial field service support, System first level technical support, Participants' and Retailers' call centre and help desk."

1.10 | Corporate Affairs

1.10.1 | COVID-19 Response and Outcomes

Prior to 2020 the ORNL operated as an office-based organisation with limited remote working capability. Considering the likelihood of COVID-19 coming to Ireland and consequential lockdowns, in February 2020, the ORNL employed an IT expert to advise on procuring and rolling out secure remote access to our IT infrastructure and developed a remote working policy, to include health and safety assessments of home-work stations. By the time the first lockdown was announced in March 2020, the ORNL had switched to 100% remote working, in a secure IT environment, and put in place new controls governing processes and procedures tailored for remote working.

As remote working continued, certain processes were prioritised for review in the context of working from home with the resulting hybrid procedures being a mix of traditional and electronic, as appropriate to the process. A planned upgrade of the ORNL's IT system was revised to include the option to support a blended working arrangement in the longer term and then implemented when the COVID-19 regulations allowed.

Through staff cooperation, the shift to remote working was efficient, with no interruptions to business continuity. There was no disruption to public accessibility by phone and email and stakeholder engagement, including with the Operator, the Department of Public Expenditure and Reform and staff continued in a virtual environment. In fact, engagement with stakeholders and day-to-day work increased in volume throughout 2020 in direct response to the pandemic.

The ORNL supported its staff throughout 2020 by increasing the number of virtual all-staff meetings and ensuring that managers met with reporting staff, online, on a weekly basis. As part of an ongoing wellness programme to support staff health and morale and maintain working relationships between colleagues, the organisation implemented several online resources and events to ensure that staff were supported and retained a community connection while working remotely.

The ORNL maintains a suite of financial and operational policies and procedures that are reviewed on a cyclical basis. As the ORNL switched to remote working, certain priority processes were considered to identify where changes were required for them to work remotely and that would ensure all remote processes were well governed and secure. As policies and procedures arose for review in 2020, they were each considered in the context of working remotely. Some revised policies and procedures now provide only for electronic systems, where these were found to be more effective and efficient than pre-existing processes, whereas some provide for both in-office and remote options.

1.10.2 | Strategy

As part of a three-year Strategy, the Regulator has set strategic objectives and is working to achieve these goals. The COVID-19 pandemic did not change these objectives nor significantly impact how the ORNL goes about achieving them. Certain projects were deferred by several months to redirect resources to the more urgent novel matters that arose because of the pandemic and in-store retail research has been postponed until it can be carried out safely.

1.10.3 | 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 which provides for an individual office holder without a board.

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 ORNL.

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.

Public Sector Human Rights and Equality Duty

During 2020, in fulfilment of its public body obligations under Section 42 of the Human Rights and Equality Act 2014, the ORNL conducted a detailed exercise to identify the human rights and equality issues that the work of the Regulator either directly or indirectly affects or is affected by. This exercise included a review of how the ORNL interacts with the public and stakeholders and how we work within our own organisation. Several policies were found to be already in place to address issues that could arise. As part of its regular review of its policies and procedures, during 2020 the ORNL ensured that each policy review was conducted in full consideration of the need to promote equality of opportunity and treatment, and protection of human rights of both staff and stakeholders.

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. Whilst the ORNL has always had procedures in place for making protected disclosures, the Regulator of the National Lottery was formally added to the list of Prescribed Persons by the Minister for Public Expenditure and Reform on 24 September 2020.

No protected disclosures were received by the Office of the Regulator of the National Lottery in the reporting period 1 January 2020 to 31 December 2020.

1.10.4 | 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 2020 was €1,521,900.

Staff

The Regulator has Ministerial sanction for 10 staff (including the Regulator). There were no vacancies as of 31 December 2020.

1.10.5 | Annual Report and Accounts

The annual accounts of the Regulator for 2020 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.

1.10.6 | Internal Audit

The Regulator agreed a programme of internal audits conducted in 2020 by the ORNL's appointed internal auditors, with reports being submitted to the Regulator. Internal audits addressed both the National Lottery Fund and the Office of the Regulator and included assessment of financial and other internal controls; assessment of controls in respect of bank transactions; and review of the impact of COVID-19 on internal controls, i.e., the impact on the ORNL's control environment with reference to the Comptroller and Auditor General's 'Audit Insights' document circulated in October 2020.

1.10.7 | 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 and risk appetite statement 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. This review process continued in 2020 via remote meetings of the Committee. The impact of the pandemic and the necessary changes to some internal controls was considered while reviewing risks during 2020. At the close of the year the Committee was pleased to note that no residual scores had increased, and some had, in fact, decreased.

1.10.8 | Legislative Requirements

Official Languages

The Regulator is compliant with the Official Languages legislation.

Freedom of Information

The Regulator came within the 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 seven freedom of information requests during 2020. No decisions were appealed to the Office of the Information Commissioner and one internal review was requested. Details of non-personal requests are published in the Freedom of Information Disclosure Log, which is available on the Regulator's [website](#).

Energy Consumption

The ORNL has one office, located in the Irish Life Centre, Dublin 1. The office is situated on part of 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 2020, the ORNL consumed 22.1 MWh of energy, consisting of:

- ▶ 7.57 MWh of electricity.
- ▶ 14.54 MWh of fossil fuels (heating).

Appendix A: PLI's Performance Standards

Year to 31 Dec 2020	Standard	Achieved Performance	Forecast for 2021
Computer Systems			
Terminal availability to sell tickets*	99.00%	99.93%	99.50%
Gaming system availability	99.00%	100%	99.50%
Website availability	99.00%	99.98%	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	100%	98.00%
	5.00% within 20 working days	100%	100%
Claims greater than €1,000 paid by cheque following a postal claim	95.00% within 5 Days	99.18%	98.00%
	5.00% within 20 working days	100%	100%

Player Services - Voice Contact			
Service availability*	99.00%	92.00%**	99.00%
Calls answered within 30 seconds	70.00%	65.80%**	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%	91.00%	80.00%
Emails answered within 2 working days	80.00%	90.00%	95.00%
Responses to complaints within 10 working days	95.00%	94.25%**	95.00%
Resolution of complaints and enquiries at first attempt	80.00%	39.00%**	Under Review
* 9:15am to 5:30pm, Monday to Friday, excluding Christmas Eve and public holidays			
** Please see page 11 for information			

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
Incremental Marketing Report	Annually
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
Annual Confirmation of Bank Accounts	Annually
Scratch Card Game End Reports	At Game End
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
Complaints Report	Monthly
Contact Centre Metrics Report	Monthly
Unclaimed Prizes Report	Periodically
Good Causes Report	Quarterly
Internal Audit Report	Quarterly
Minutes of Audit Risk and Security Committee Meetings	Quarterly
Player Protection Reports	Quarterly
Complaints Update	Weekly
Trading and IT Update	Weekly
Weekly Settlements	Weekly
TV Game Show Prizes Report	Weekly

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 2020				
					Ongoing	Request Withdrawn	Ultimately Approved	Ultimately Refused	Decision Date
17/01/2020	Section 45	Amendments to Winning Streak On-Air Schedule	Yes	No			Approved		20/01/2020
28/01/2020	Section 45	Amendments to EuroMillions Topaz Game Rules	Yes	No			Approved		29/01/2020
31/01/2020	Section 45	Honey Pot IWG	Yes	Yes			Approved		11/03/2020
05/02/2020	Section 45	245 All Cash Spectacular	Yes	Yes			Approved		06/03/2020
05/02/2020	Clause 18.3	Contract - GB Group PLC	No	Yes			Approved		23/03/2020
10/02/2020	Section 45	241 All Cash	Yes	Yes			Approved		06/03/2020
12/02/2020	Section 45	246 All Cash Extravaganza	Yes	Yes			Approved		18/03/2020
13/02/2020	Section 45	244 All Cash Platinum	Yes	Yes			Approved		06/03/2020
18/02/2020	Section 45	242 All Cash Gold	Yes	Yes			Approved		06/03/2020
18/02/2020	Section 45	243 All Cash Tripler	Yes	Yes			Approved		06/03/2020
20/02/2020	Clause 18.3	Contract - Creative Services Advertising	No	Yes			Approved		20/03/2020
25/02/2020	Section 45	Grid Blaster IWG	Yes	Yes			Approved		16/10/2020
27/02/2020	Clause 7.12 and Clause 9.8	Commercially Sensitive	No	No		Withdrawn			23/03/2020
10/03/2020	Section 45	Amendments to Lucky 75	Yes	No			Approved		20/03/2020
13/03/2020	Section 45	Bingoing Wild IWG	Yes	Yes			Approved		15/10/2020
19/03/2020	Section 45	Amendments to Winning Streak 232	Yes	No			Approved		20/03/2020
27/03/2020	Section 45	All Cash Game End Dates Extension	Yes	No			Approved		31/03/2020
27/03/2020	Section 45	Scratch Card End Dates Extension	Yes	No			Approved		31/03/2020
01/04/2020	Section 45	Draw Based Games Extension	Yes	No			Approved		07/04/2020
01/04/2020	Clause 13.6 and Clause 13.7	Commercially Sensitive	No	Yes		Withdrawn			30/04/2020
03/04/2020	Clause 18.3	Commercially Sensitive	No	Yes		Withdrawn			07/05/2020
08/04/2020	Section 45	Winning Streak 251	Yes	Yes			Approved		19/06/2020
16/04/2020	Section 45	Cash Showdown IWG	Yes	Yes			Approved		15/10/2020
17/04/2020	Section 45	Find a 500	Yes	Yes			Approved		06/07/2020
23/04/2020	Clause 16.5	Commercially Sensitive	No	Yes		Withdrawn			05/06/2020
23/04/2020	Section 45	Mega 777 Multiplier	Yes	Yes			Approved		14/10/2020
		Game related							

Date	Section of Approval Required	Game/Service Info.	Related to a Game	Amended/Further Info. sought	Status at 31 December 2020				
					Ongoing	Request Withdrawn	Ultimately Approved	Ultimately Refused	Decision Date
29/04/2020	Section 45	Hampers and Cash 252	Yes	Yes			Approved		17/06/2020
29/04/2020	Section 45	Merry Money 253	Yes	Yes			Approved		17/06/2020
29/04/2020	Section 45	Christmas Countdown 254	Yes	Yes			Approved		17/06/2020
01/05/2020	Clause 9.8	Clause 9.8 Good Causes Beneficiaries TV advert	No	Yes			Approved		08/05/2020
06/05/2020	Section 45	Claims Process	No	Yes			Approved		02/06/2020
22/05/2020	Clause 18.3	18.3 Contract Logicalis Solutions Limited	No	Yes			Approved		16/06/2020
25/05/2020	Section 45	Lucky Sevens 240	Yes	Yes			Approved		25/06/2020
02/06/2020	Section 45	All Cash Spectacular 259	Yes	Yes			Approved		30/06/2020
03/06/2020	Clause 18.3	18.3 Contract BT Communications	No	Yes			Approved		06/07/2020
18/06/2020	Section 45	Gold Fever IWG	Yes	Yes			Approved		22/10/2020
19/06/2020	Section 45	All Cash Platinum 258	Yes	Yes			Approved		10/07/2020
23/06/2020	Section 45	Christmas Millionaire Raffle 2020	Yes	Yes			Approved		02/10/2020
30/06/2020	Clause 9.8	Good Causes Paid Social Media	No	Yes			Approved		28/07/2020
01/07/2020	Clause 18.3	Commercially Sensitive	No	Yes	Ongoing				
14/07/2020	Clause 13.6 and Clause 13.7	Commercially Sensitive	No	Yes		Withdrawn			07/08/2020
22/07/2020	Section 45	Claims Process Extension	No	Yes			Approved		31/07/2020
20/07/2020	Section 45	Money Multiplier 248	Yes	No			Approved		17/08/2020
31/07/2020	Section 45	Mega Money Multiplier 249	Yes	Yes			Approved		21/10/2020
31/07/2020	Clause 9.8	Good Causes Awareness	No	Yes			Approved		17/08/2020
28/07/2020	Section 45	All Cash Gold - Game 256	Yes	No			Approved		09/09/2020
03/09/2020	Section 45	Credit Card - Payment Method Removal	No	Yes			Approved		30/09/2020
09/09/2020	Section 45	All Cash Spectacular - Clause 1.1.6	Yes	Yes			Approved		29/10/2020
10/09/2020	Section 45	Successor Games	Yes	Yes			Approved		25/09/2020
21/09/2020	Clause 16.5	Capita	No	Yes			Approved		07/12/2020
12/10/2020	Section 45	Lucky 3s - Game 266	Yes	Yes			Approved		23/11/2020
21/10/2020	Clause 9.8	Good Causes Awards -Social Media	No	Yes			Approved		18/11/2020
02/11/2020	Section 45	IWG Extension 2020	Yes	Yes			Approved		21/12/2020
27/11/2020	Section 45	Bingo Multiplier Rules Amendment 239	Yes	No			Approved		15/12/2020
02/12/2020	Clause 9.8	Good Causes Identification of Beneficiaries	No	Yes			Approved		23/12/2021
03/12/2020	Clause 7.11	Lidl Trade Mark	No	No			Approved		03/02/2020
04/12/2020	Clause 7.11	Spar Trade Mark	No	No			Approved		04/12/2020
11/12/2020	Section 45	Claims Process Amendment	No	Yes			Approved		02/02/2021
11/12/2020	Clause 9.8	Commercially Sensitive	No	No		Withdrawn			04/01/2021
	Game related								



Regulator of the National Lottery Report and Financial Statements

for the year ended 31 December 2020

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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 2020 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 2020 and of its income and expenditure for 2020 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 2020 of an asset of €401,000 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 €401,000 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 2020 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.



Colette Drinan
For and on behalf of the
Comptroller and Auditor General

31 August 2021

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 2020 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.

Controls and COVID-19 Restrictions

As a result of the Government travel restrictions imposed to address COVID-19, from March 2020 it has been necessary to adapt the method of working of the Office of the Regulator of the National Lottery. This has resulted in a change from a wholly office based, paper records, system to an almost total remote, soft-copy records system of working.

The Office of the Regulator of the National Lottery has addressed the control environment to ensure that it is appropriate for the adapted working arrangements. This is in addition to the regular ongoing monitoring and review of controls. This has been achieved by active management of the control environment including:

- ▶ Operational management — the Regulator in conjunction with the management team have actively considered and updated all material controls in a timely manner, as necessary;
- ▶ Operational issues — the Regulator has monitored controls to ensure that appropriate authorisations are in place, that appropriate reconciliations and verifications take place in a timely manner, and that appropriate segregations of duties are maintained;
- ▶ Finance Committee — the Finance Committee has monitored the operation of controls with specific reference to the new remote working arrangements;
- ▶ Risk Committee — the Risk Committee has specifically considered, and where necessary updated, the risk register to ensure it addresses risks associated with remote working arrangements;

Statement on Internal Control

- ▶ Internal Audit – Internal Audit has specifically assessed the effectiveness of the controls in the remote working environment;
- ▶ IT systems — the Regulator, in conjunction with outsourced IT specialists, has monitored the effectiveness of the controls, particularly with regard to access and security;
- ▶ Internal Communications — the Regulator, through regular scheduled remote meetings with all staff, has ensured an awareness of, and focus on, maintaining a strong control environment;
- ▶ Physical controls — the Regulator has introduced appropriate physical controls to ensure continuity in the delivery of the functions of the Office and in the provision of a safe working environment for all staff;
- ▶ Delivery of outputs — the Regulator has monitored the delivery of outputs across the Office to ensure that the functions of the Regulator are being achieved;
- ▶ Fraud — the Regulator has specifically considered the risk of fraud and has ensured that appropriate controls are in place to mitigate such risks; and
- ▶ Continued oversight — the Regulator continues to closely monitor potential changes to working arrangements and impacts any such changes might have on the required controls.

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 2020 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 2020 and completed by 31 March 2021.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2020 that require disclosure in the financial statements.



.....
Carol Boate
 Regulator of the National Lottery
 30 August 2021

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 2020.

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 2020.
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 two meetings of the Risk Committee, held remotely in 2020. The proposed first Risk Committee meeting for 2020 was scheduled for late March 2020, but due to COVID-19 restrictions was replaced by a remote review by the Risk Committee and updating of risks, as necessary. This approach was confirmed at the next Risk Committee meeting.

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

	2020	2019
	€	€
Staff short-term benefits	652,132	599,038
Termination benefits	-	-
Employer pension contributions	134,143	126,721
Employer's contribution to social welfare	67,510	62,027
	<u>853,785</u>	<u>787,786</u>

The total number of staff employed (WTE) at year end was 9 (2019: 9).

Governance Statement and Statement of Responsibilities

Staff Short-Term Benefits

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

	2020	2019
	€	€
Basic pay	<u>652,132</u>	<u>599,038</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	
€		€	2020	2019
60,000	-	69,999	-	-
70,000	-	79,999	-	1
80,000	-	89,999	3	2
90,000	-	99,999	-	1
100,000	-	109,999	1	-
110,000	-	119,999	1	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.

	2020	2019
	€	€
Salaries	524,719	500,210
Employer pension contributions	<u>113,902</u>	<u>109,063</u>
	<u>638,621</u>	<u>609,273</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:

	2020	2019
	€	€
Basic pay	115,209	111,040
Employer pension contributions	34,563	33,312
	<u>149,772</u>	<u>144,352</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 €154,645 (2019: €109,457) are consultancy costs which are the cost of external advice to the Regulator and exclude outsourced "business-as-usual" functions.

	2020	2019
	€	€
Legal services	55,707	32,849
Tax and financial advisory	3,964	3,984
IT and Other	61,955	32,052
	<u>121,626</u>	<u>68,885</u>

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

Travel and Subsistence

	2020	2019
	€	€
Domestic	4	60
International	-	1,202
	<u>4</u>	<u>1,262</u>

Nil (2019: €499) 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

Nil was paid in respect of staff hospitality (2019: €400).

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.



Carol Boate

Regulator of the National Lottery

30 August 2021

Statement of Income and Expenditure and Retained Revenue Reserves

for the financial year ended 31 December 2020

	Notes	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Income	3	1,521,900	1,508,600
Administration costs	4	(1,263,998)	(1,171,109)
Operating surplus		257,912	337,491
Interest (payable) / receivable		(89)	853
Surplus for the year		257,823	338,344
Retained earnings at the start of the year		2,585,571	2,247,227
Retained earnings at the end of the year		2,843,394	2,585,571

Notes 1 to 12 form part of these Financial Statements.



Carol Boate

Regulator of the National Lottery

30 August 2021

Statement of Comprehensive Income

for the financial year ended 31 December 2020

	Notes	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Surplus for the year		257,823	338,344
Experience (losses) / gains on retirement benefit obligations	9(b)	(37,000)	18,000
Changes in assumptions underlying the present value of retirement benefit obligations		54,000	(38,000)
Total actuarial gain / (losses) in the year		17,000	(20,000)
Adjustment to deferred retirement benefits funding		(17,000)	20,000
Total comprehensive income for year		257,823	338,344

Notes 1 to 12 form part of these Financial Statements.



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Carol Boate
 Regulator of the National Lottery
 30 August 2021

Statement of Financial Position

as at 31 December 2020

	Note	2020 €	2019 €
Non-current assets			
Property, plant and equipment	6	<u>49,835</u>	<u>51,325</u>
Current assets			
Debtors	7	130,549	125,123
Cash and cash equivalents		<u>2,891,601</u>	<u>2,912,167</u>
		3,022,150	3,037,290
Creditors (amounts falling due within one year)			
Creditors and accruals	8	<u>(228,591)</u>	<u>(503,044)</u>
Net current assets		2,793,559	2,534,246
Retirement benefits			
Retirement benefit obligations	9(b)	(401,000)	(287,000)
Deferred retirement benefit funding asset	9(c)	<u>401,000</u>	<u>287,000</u>
Net assets		<u><u>2,843,394</u></u>	<u><u>2,585,571</u></u>
Represented by			
Accumulated retained earnings	10	<u><u>2,843,394</u></u>	<u><u>2,585,571</u></u>

Notes 1 to 12 form part of these Financial Statements.



Carol Boate
Regulator of the National Lottery
30 August 2021

Statement of Cash Flows

for the financial year ended 31 December 2020

	Notes	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Net cash flows from operating activities			
Operating surplus for the year		257,912	337,491
Depreciation	6	17,461	4,776
(Increase) / Decrease in debtors		(5,426)	(7,364)
Increase / (Decrease) in creditors		(274,453)	(50,574)
Net cash inflow from operating activities		(4,506)	284,329
Cash flow from investing activities			
Payments to acquire property, plant and equipment	6	(15,971)	(33,090)
Cash flow from financing activities			
Interest (paid)/received		(89)	853
Increase in cash and cash equivalents		(20,566)	252,092
Cash and cash equivalents at the start of the financial year		2,912,167	2,660,075
Cash and cash equivalents at the end of the financial year		2,891,601	2,912,167

Notes 1 to 12 form part of these financial statements.



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Carol Boate
 Regulator of the National Lottery
 30 August 2021

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

1 | Accounting Policies

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

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Levy Income

Levy income represents the amount receivable under the licence by the Regulator from the operator of the National Lottery in respect of the 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 2020

1 | Accounting Policies (Continued)

(g) Employee benefits

Short-term benefits

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

Retirement benefits

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

The Regulator is currently establishing pension arrangements in respect of all employees in cooperation with the Department and is making the necessary deductions from salaries, which are 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 prescribed relevant authority, 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 fixture pension costs for non-Single Scheme members. Disclosure of the actuarial liability for non-Single Scheme members is included in note 9.

See note 9 for further details.

(h) Critical accounting judgements and estimates

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

Depreciation and Residual Values

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

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

1 | Accounting Policies (Continued)

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.

Single scheme pension liabilities are recognised in the financial statements and an actuarial valuation of those liabilities, carried out by a qualified actuary, uses specific financial assumptions as set out in note 9.

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 2020, the average Consumer Price Index of 0.9% for the 12 months ended 31 December 2019 as published by the Central Statistics Office on 16 January 2020 was applied by the operator.

	2020	2019
	€	€
Levy income, for the year	<u>1,521,900</u>	<u>1,508,600</u>

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

4 | Administration Costs

	2020	2019
	€	€
Salaries and staff costs	853,785	787,786
Outsourced labour costs	-	24,343
Professional fees (Note 5)	154,645	109,457
External audit*	15,600	14,200
Internal audit	20,691	18,579
Rent, service charges and maintenance	116,524	126,696
Cleaning, heat and light	3,264	6,297
Insurances	21,892	20,476
Travel and subsistence	4	1,262
Training costs and memberships	8,494	14,017
Office supplies and equipment	4,828	10,693
Information and communication technology	37,649	23,072
Publications	5,066	2,224
Depreciation	17,461	4,776
Other administration costs	4,085	7,231
	<u>1,263,988</u>	<u>1,171,109</u>

* External audit includes an amount of €6,250 (2019: €5,700) for audit fees in respect of the National Lottery Fund.

5 | Professional Fees

	2020	2019
	€	€
Legal services	55,707	32,849
Tax and financial advisory	3,964	3,984
Public relations/marketing	27,310	29,520
Pensions and human resources	3,909	3,749
IT and Other	63,755	39,355
	<u>154,645</u>	<u>109,457</u>

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

6 | Property, Plant and Equipment

	Leasehold Improvements	Computer Equipment	Office Fitting, Furniture & Equipment	Telephone System	Total
	€	€	€	€	€
Cost					
At 31 December 2019	48,839	31,162	6,856	4,182	91,039
Additions during year	-	15,971	-	-	15,971
Disposals during year	-	(3,444)	-	-	(3,444)
At 31 December 2020	48,839	43,689	6,856	4,182	103,566
Depreciation					
At 31 December 2019	671	29,516	5,345	4,182	39,714
Charge for year	12,210	4,189	1,062	-	17,461
Depreciation on disposals	-	(3,444)	-	-	(3,444)
At 31 December 2020	12,881	30,261	6,407	4,182	53,731
Net Book Value					
At 31 December 2020	35,958	13,428	449	-	49,835
At 31 December 2019	48,168	1,646	1,511	-	51,325

Leasehold improvements of €48,839 capitalised in 2019 are being depreciated over four years, being the period remaining under the property lease to November 2023.

7 | Debtors

	2020	2019
	€	€
Accrued income	79,193	99,758
Prepayments	51,356	24,204
Travel Cards	-	1,161
	130,549	125,123

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

8 | Creditors (amounts falling due within one year)

	2020	2019
	€	€
Trade creditors and accruals	188,084	138,489
Pension contributions (Note 9)	12,632	338,293
PAYE/PRSI	20,084	18,311
Additional superannuation contribution	1,859	2,294
PSWT liability	5,787	1,601
VAT liability	145	4,056
	<u>228,591</u>	<u>503,044</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 24 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, as agreed with the Department of Public Expenditure and Reform, transferred to the Exchequer, one month in arrears. At the 31 December 2020 the amount of contributions to be transferred to the Exchequer is £12,632.

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.

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

9 | Pension Provision (Continued)

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 €83,278 for the year.

The pension liability for the non-Single Scheme members at 31 December 2020 is €3,049,000. 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 2020	Year ended 31 December 2019
Discount rate	0.80%	1.40%
Rate of increase in salaries	3.00%	3.00%
Rate of increase in pension	2.5%	2.5%
Inflation	1.5%	1.5%

Notes

(forming part of the financial statements)

for the year ended 31 December 2020

9 | Pension Provision (Continued)

(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	2020 €	2019 €
Total Employer Contributions	49,752	45,616
Current Service Costs*	75,000	70,000
Interest Costs	5,000	7,000
Adjustments to Deferred Exchequer Pension Funding	<u>(80,000)</u>	<u>(77,000)</u>
Total charged to Statement of Income & Expenditure & Retained Revenue Reserves	<u>49,752</u>	<u>45,616</u>

* 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 €49,752 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 2020

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

	2020	2019
	€	€
Net Pension Liability at 1 January	287,000	175,000
Current Service Costs	75,000	70,000
Employee Contributions	17,000	15,000
Interest Costs	5,000	7,000
Experience losses/(gains) on scheme liabilities	(37,000)	(18,000)
Changes in assumptions	<u>54,000</u>	<u>38,000</u>
Net Pension Liability at 31 December	<u>401,000</u>	<u>287,000</u>

(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

	2020	2019
	€	€
Defined benefit obligations	401,000	287,000

Notes

(forming part of the financial statements)
for the year ended 31 December 2020

10 | Accumulated Retained Earnings

	2020
	€
At beginning of year	2,585,571
Surplus for year	<u>257,823</u>
Retained earnings at the end of the year	<u><u>2,843,394</u></u>

11 | Capital Commitments

There were no commitments for capital expenditure at 31 December 2020.

12 | Approval of Financial Statements

The financial statements were approved by the Regulator of the National Lottery on 30 August 2021.

3

National Lottery Fund Report and Financial Statements

for the year ended 31 December 2020

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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 2020 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 2020, and
- the balance of the Fund at 31 December 2020.

Basis of opinion

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

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

Report on statement on internal control and on other matters

The Regulator 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

31 August 2021

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 2020 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 in the Office of the Regulator of the National Lottery 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

Controls and COVID-19 Restrictions

As a result of the Government travel restrictions imposed to address COVID-19, from March 2020 it has been necessary to adapt the method of working of the Office of the Regulator of the National Lottery. This has resulted in a change from a wholly office based, paper records, system to an almost total remote, soft-copy records system of working.

The Office of the Regulator of the National Lottery has addressed the control environment to ensure that it is appropriate for the adapted working arrangements. This is in addition to the regular ongoing monitoring and review of controls.

This has been achieved by active management of the control environment including:

- ▶ Operational management — the Regulator in conjunction with the management team have actively considered and updated all material controls in a timely manner, as necessary;
- ▶ Operational issues — the Regulator has monitored controls to ensure that appropriate authorisations are in place, that appropriate reconciliations and verifications take place in a timely manner, and that appropriate segregations of duties are maintained;
- ▶ Finance Committee — the Finance Committee has monitored the operation of controls with specific reference to the new remote working arrangements;
- ▶ Risk Committee - the Risk Committee has specifically considered, and where necessary updated, the risk register to ensure it addresses risks associated with remote working arrangements;
- ▶ Internal Audit — Internal Audit has specifically assessed the effectiveness of the controls in the remote working environment;
- ▶ IT systems — the Regulator, in conjunction with outsourced IT specialists, has monitored the effectiveness of the controls, particularly with regard to access and security;
- ▶ Internal Communications — the Regulator, through regular scheduled remote meetings with all staff, has ensured an awareness of, and focus on, maintaining a strong control environment;
- ▶ Physical controls — the Regulator has introduced appropriate physical controls to ensure continuity in the delivery of the functions of the Office and in the provision of a safe working environment for all staff;
- ▶ Delivery of outputs — the Regulator has monitored the delivery of outputs across the Office to ensure that the functions of the Regulator are being achieved;
- ▶ Fraud — the Regulator has specifically considered the risk of fraud and has ensured that appropriate controls are in place to mitigate such risks; and
- ▶ Continued oversight — the Regulator continues to closely monitor potential changes to working arrangements and impacts any such changes might have on the required controls.

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 2020 and completed by 31 March 2021.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2020 that require disclosure in the financial statements.



Carol Boate

Regulator of the National Lottery
30 August 2021

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.



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Carol Boate
Regulator of the National Lottery
30 August 2021

National Lottery Fund

Account of Receipts and Payments

for the year ended 31 December 2020

	Note	2020		2019	
		€'000	€'000	€'000	€'000
Received from the operator	4		576,302		557,827
less:					
Paid to the operator in respect of:	5				
Prizes		238,602		210,206	
Operator's entitlement		<u>88,729</u>	<u>327,331</u>	<u>82,831</u>	<u>293,037</u>
			248,971		264,790
less:					
Paid to the Regulator in respect of Regulator Levy	9		<u>1,542</u>		<u>1,504</u>
			247,429		263,286
Investment Interest Received/(Paid)	6		<u>(233)</u>		<u>(217)</u>
			247,196		263,069
Transferred to the Central Fund	7		(254,223)		(250,663)
Historic expired prizes transferred to the Central Fund	8		<u>(16,092)</u>		<u>0</u>
Increase/(Decrease) in Investment transferred to/ (from) Reserve			<u>(23,119)</u>		<u>12,406</u>

Reserve Account

		2020	2019
		€'000	€'000
Balance on deposit at 1 January		43,822	31,416
Increase/ (Decrease) in Investment		<u>(23,119)</u>	<u>12,406</u>
Balance on deposit at 31 December	6	20,703	43,822
less:			
Balance retained in respect of historic expired prizes	8	0	(16,092)
Liability for Regulator Levy	9	(79)	(99)
Liability for Prizes and Operator's Entitlement	10	0	(7,139)
Liability to Prizes Fund Account	11	<u>(5,719)</u>	<u>0</u>
Balance available for distribution through the Central Fund	7	<u>14,905</u>	<u>20,492</u>

Notes 1 to 13 form part of these Accounts



Carol Boate
Regulator of the National Lottery
30/08/2021

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 pay 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 prizes paid by retailers. Amounts received from the operator were €576 million in 2020 (2019: €558 million).

Total sales, on an accruals basis for the year ended 31 December 2020, recognised in the financial statements of the operator, were €918.9 million (2019: €884.5 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 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 €327 million in 2020 (2019: €293 million), being €238 million in respect of prizes payments (2019: €210 million) and €89 million in respect of operator's entitlement (2019: €83 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 2020 unpaid by the Fund at the year-end amounted to €45,453.

7 | Transfers to the Central Fund

Funds are allocated to Good Causes pursuant to Clause 6.6 of the licence and are 65% of Gross Gaming Revenue (GGR) calculated on an annual basis, in accordance with Schedule 2 to the licence. GGR is total net sales minus prizes, as defined in Clause 1.1.24 of the licence. Following provision for current liabilities of the Fund and any prospective or contingent liabilities, the Regulator arranges the transfer of funds allocated to Good Causes, 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

On 17 April 2020 an amount of €16.092m was transferred from the National Lottery Fund to the Central Fund in respect of Historic Expired Unclaimed Prizes which arose under the previous licence operated by An Post National Lottery Company. This amount had previously remained reserved in the Fund pending determination by the Regulator, and agreement with PLI, the operator of the National Lottery, that this transfer could be made. This resulted in a reduction on this restriction of funds at 31 December 2020 to nil.

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 2020 is €79,006.

10 | Liability for Prizes and Operator's Entitlement

There are no amounts due to be operator at 31 December 2020 in respect of liability for prizes and operator's entitlement arising from amounts received from the operator in 2020 (at 31 December 2019 an amount of €7.139m was recognised as a liability in the Reserve Account at the year end: €5,333m in respect of prizes and €1.086m in respect of operator's entitlement). This resulted in a reduction on this restriction of funds at 31 December 2020 to nil.

11 | Liability to Prizes Fund Account

Payments from the Fund to the Regulator in respect of prizes are made weekly, based on expected prizes won as notified by the licensee. Following a detailed review, and with the agreement of the licensee, the Regulator has determined that the liability of the Fund to the Prizes Fund Account is for actual prizes won. The Regulator and the licensee agreed to amend the licence in May 2021 to address the methodology for settlement of the differential between actual and expected prizes on an annual based as a balancing amount. Based on this determination, the amount included in the current year is the accumulated balancing amount due by the Fund to the Prizes Fund Account from commencement of the licence to 31 December 2020.

12 | Audit Fee

The audit fee is paid by the Office of the Regulator of the National Lottery. The audit fee for 2020 is €6,250.

13 | Approval of the National lottery Fund Account

The National Lottery Fund Account in respect of the year ended 31 December 2020 was approved by the Regulator on 30 August 2021.



Rialálaí an Chranchnuir Náisiúnta
Regulator of the National Lottery

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