

2 April 2014

Mr John McGuinness TD
Chairman
Committee of Public Accounts
Leinster House
Dublin 2

Dear Chairman

I refer to the 13 March, 2014 meeting of the Dáil Committee of Public Accounts which examined Chapter 9 of the Comptroller and Auditor General's 2012 Annual Report and the Appropriations Accounts for the Justice Vote. I also refer to correspondence of 24 March from the Committee Secretariat. As you will recall, the Department undertook to supply the Committee with further information on matters raised during the course of the Committee's deliberations.

Specifically, you sought further information on:

- (a) the transfer of responsibility for the administration of the Charitable Lotteries Fund Scheme from the Department of Finance to the Department of Justice in 2011, with particular reference to information on rates of pay in the charity sector; and
- (b) whether the Department of Public Expenditure and Reform was lobbied in relation to the continuation of the Scheme.

(a) TRANSFER OF ADMINISTRATIVE FUNCTIONS

In 2011, it was agreed that the Charitable Lotteries Fund would move from the Finance Vote to the Justice Vote and that the Charitable Lotteries Fund and Scheme would transfer from the Department of Finance to the Department of Justice. You will recollect that around this time the functions of the Department of Finance were changing and this Department – the Department of Public Expenditure and Reform – was being established. The transfer of the Scheme was effected in June 2011, around the time of the publication of the (second) Revised Estimates for the year. At this time, all relevant files regarding the operation of the Scheme for each of the years 2008 to 2010 were transferred to the Department of Justice.

Until the transfer, the Scheme had been administered by the Department of Finance since the Scheme's inception in 1997. The administration of the Scheme focused on the allocation of the Charitable Lottery Fund each year among applicant charity organisations who could show that they were eligible for funding in accordance with the terms of the Scheme viz. principally that they ran lottery activities (duly authorised under Gaming and Lottery legislation), that they had been doing so at the time of the establishment of the Scheme, and that they had lottery products comparable to those of the National Lottery.

The policy and administration role of the Department of Finance in relation to the Charitable Lottery Fund and Scheme arose from the Department's role in relation to policy and regulation for the National Lottery. Specifically in relation to the Committee's query, I can confirm that the Department did not have a policy or regulatory role in relation to (a) charities, or (b) gaming and lotteries generally, or (c) charitable lotteries; nor was it intended that the Department would have such a role – these matters come within the function of various other public bodies.

In this context I can confirm that the Department of Finance did not have (and consequently did not transfer) information of the type about which the Committee is enquiring concerning rates of pay in the charities sector. Such information was neither necessary nor appropriate for the purpose of administering the Scheme.

(b) REPRESENTATIONS IN RELATION TO THE SCHEME

The Committee has enquired about "lobbying" in relation to the Scheme. Over the years during which the Scheme was administered by the Department of Finance there were representations about the Scheme from Scheme beneficiaries including primarily the Association of Charity Lotteries in Ireland (a group representing a number of charities that benefitted under the Scheme, including Rehab) and Rehab directly. There were also meetings over the years with the ACLI, Rehab and other charities. The main focus of the correspondence received and the meetings held concerned representation for the continuation of the Scheme and for changes in the level and structure of the funding that was provided annually in accordance with the Scheme. Almost all of the engagement was in proximity to the Budget/Estimates or to reviews of the continuation of the Scheme. There were also meetings and correspondence with Rehab prior to and around the time of the 1997 establishment of the Scheme.

ESTABLISHMENT AND ADMINISTRATION OF THE SCHEME

Finally, I think it would be helpful to the Committee if I gave a brief outline of the purpose of the Charitable Lottery Fund Scheme and how it operated.

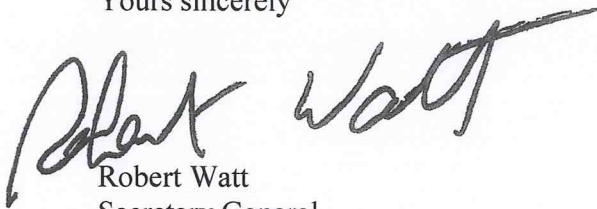
The Charitable Lottery Fund Scheme was established by Government in 1997. The purpose of the Fund was to allow a scheme to supplement the income of certain charitable lotteries whose products were competing directly with National Lottery products. An externally-chaired interdepartmental committee was established to advise on eligibility criteria and methodology for the calculation of the grant levels from the Fund. The annual operation of the Scheme was overseen annually by the interdepartmental committee, which also reviewed the Scheme periodically and made recommendations as to its continuation.

The main eligibility criteria for the Scheme were that the lottery products of the applicant charity had to be comparable to National Lottery products and the charity had to have been operating a lottery under the provisions of the Gaming and Lottery legislation on or before 1 January 1997. Under the Scheme, each year, the Fund for the year was divided among the qualifying applicants in that year in proportion to the average of their eligible lottery turnover, as certified by auditors, over the three most recent years of account. The annual funding for the Scheme was provided for in a specific subhead of the Department of Finance Vote, and was subject to examination by the Comptroller and Auditor General in the context of the annual Appropriation Accounts.

A copy of the Terms of the Charitable Lotteries Fund Scheme and an Application Form for the year 2010 are attached as these may be helpful to the Committee in its understanding of how the process worked.

I hope that this response addresses the issues connected to the Charitable Lotteries Fund Scheme that you raised at the Committee meeting on 13 March and in the subsequent letter of 24 March. I understand that other matters raised by you regarding the transfer of other functions from the Department of Community, Rural and Gaeltacht Affairs to the Department of Justice will be addressed under separate cover by the Department of Justice.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Robert Watt', with a long, sweeping horizontal stroke extending to the right.

Robert Watt
Secretary General

CHARITABLE LOTTERIES FUND, SCHEME AND APPLICATION FORM

**Scheme to assist Private Charitable Lotteries whose
products are in direct competition with similar
products being sold by the National Lottery, 2010**

- 1 The Scheme is confined to private charitable lotteries whose lottery products are in direct competition with comparable National Lottery products.
- 2 Applications for assistance under the Scheme will be evaluated on the basis of criteria recommended by an independent Committee set up by the Minister for Finance expressly for purposes of advising him as to whether these applications meet the eligibility criteria laid down for the Scheme.
The following are regarded as comparable with National Lottery products:
 - (a) scratch cards
 - (b) lines or draws where the draw takes place with a weekly or higher frequency operated on an annual basis
- 3 Subject to the availability of funds and to the other conditions of the scheme being met, it is intended that eligible charities would be assisted in proportion to the volume of their average annual gross lottery turnover in the three most recent years of account as certified by the organisation's auditors.
- 4 The lottery promoter must be an organisation independently established for charitable purposes. Documentary evidence, such as proof of having received charitable tax exemption from the Revenue Commissioners, will be required.
- 5 The organisation must have a constitution, or a set of rules, defining its aims, objectives and operational procedures.
- 6 The organisation must have a bank or building society account with at least two joint signatories and be able to provide copies of its audited accounts.

- 7 The lottery tickets must be generally available to members of the public, within the area of their circulation, on a comparable basis to National Lottery products.
- 8 A full description of the lottery operation including prize structure and circulation network must be provided.
- 9 The fund-raising purpose, and the final use of financial support provided under the scheme must be clearly stated. Please note that any funding provided under the scheme must be *applied to* the charitable activities of the organisation. It cannot be used for administrative purposes.
- 10 Details of audited accounts for the three most recent accounting years should be provided which should show, at the very least, lottery turnover and how the receipts therefrom are allocated between (a) prizes (b) benefiting activities and (c) other costs (including administration).
- 11 Documentary evidence will be required to ensure that all the funds have been spent on the purposes indicated and that they comply with all the conditions of the scheme. Monies received from the Fund must be shown separately in the audited accounts of the organisation.
- 12 To be eligible under the Scheme relevant charities must have been operating a lottery under the provisions of the Gaming and Lottery legislation, on or before 1st January, 1997. In cases where charities have established another organisation to conduct their lottery or have a contract with another organisation to conduct their lottery, please note that it is the responsibility of the holder of the lottery licence to ensure that the lottery is conducted in accordance with the terms of the licence.

Department of Finance

20 August 2010

CHARITABLE LOTTERIES FUND

APPLICATION FOR ASSISTANCE 2010

IMPORTANT: Please read the attached SCHEME for 2010 and all parts of this form carefully before completing. If you run out of space in answering a question, please continue your reply on a separate sheet of paper.

In 1997 the Minister for Finance established the Charitable Lotteries Fund for the purposes of supplementing the income of the promoters of private charitable lotteries whose products were in direct competition with similar products available from the National Lottery. Support from the Fund is allocated by reference to the audited gross eligible sales of the relevant charitable lotteries.

Applications are invited from the promoters of private charitable lotteries conducted under the provisions of existing Gaming and Lotteries legislation which were in operation on 1st January 1997. All parts of this form must be completed in full in order to ensure that your application for assistance will be considered. Please provide the following information:-

1. Name and address of Organisation:

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Telephone No.: Fax No.:

2. (a) Name and address of the Chairperson of the Board of

Directors:

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(c) Name and address of Treasurer:.....

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(d) Name and address of Secretary:

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(e) Name and address of Chief Executive:

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(f) *Name and address of Financial Officer:*.....

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3. (a) Corporate Status of Organisation (Limited Company, etc.):

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(b) Total employment provided by Organisation - (of which -
voluntary):

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4. (a) Please specify the objectives of the Organisation:.....

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(b) Attach a copy of the Organisation's Constitution/Rules and Memorandum and Articles of Association (as appropriate), unless previously submitted.

Applicants that have previously submitted a copy of their Constitution/Rules and Memorandum and Articles of Association must certify that there has been no change in these documents since submitted, or else submit fresh documents.

YES/NO

If YES please state Charity (CHY) Number:

6. (a) Describe the periodical lotteries promoted by your Organisation:

[illegible]

(b) Has your Organisation set up a separate company/organisation to conduct these lotteries.

YES/NO

If YES:

(i) please provide a copy of its Constitution/Rules and Memorandum and Articles of Association (as appropriate) and

(ii) its Tax Clearance Certificate.

(c) Does your Organisation employ another company/organisation to conduct lotteries on your behalf

YES/NO

If YES:

(i) Please name the company/organisation

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(ii) Indicate the nature of the contractual arrangement you have with the organisation and the fee being paid to it

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(iii) Provide a copy of its Tax Clearance Certificate

(d) Please provide details of each lottery product that you sell (each scratch card(s) and / or each line(s) or draw(s) where the draw takes

[illegible][illegible]

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(f) what percentage of gross sales of lottery products is paid out in prizes?:

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(g) what percentage of gross sales of lottery products is retained for the benefit of the charitable organisation?:.....

(h) describe in detail the method of distribution of lottery products (e.g. retail outlets; door-to-door sales, etc.):.....

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(i) state the basis for your Organisation's view that those lottery products are in direct competition with similar products offered for sale by the National Lottery:.....

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(b) If you were a successful applicant last year, you need only supply the auditor's certificate referred to below in respect of the year of account ending during 2009. If you are a new applicant, you must supply the auditor's certificate referred to below in respect of the years of account ending in 2007, 2008 and 2009.

Please provide an auditor's certificate of gross lottery sales. The certificate should also specify:

- (i) the total monetary value of scratch card sales
- (ii) the number of each type of scratch card sold
- (iii) the price of each type of scratch card sold
- (iv) the total monetary value of sales of lines or other draws with a weekly or higher frequency
- (v) the number of each type of line or other draw sold with a weekly or higher frequency
- (vi) the price of each type of line or other draw sold with a weekly or higher frequency

[Note: This is a key requirement as allocations from the Charitable Lotteries Fund will be proportionate to certified gross lottery sales].

(c) Where Gross Lottery Sales have increased by 3% or more from 2007 to 2008 and/or from 2008 to 2009, please provide information which explains such increases:.....

[illegible]

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Bank / Building Society, Name and Address:.....

Bank/ Building Society, Sort Code:.....

Account Number:.....

Account Holder:.....

Names of Joint Signatories:

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11. I certify that all of the information provided in this application form is accurate to the best of my knowledge and belief, and is supported by relevant documentation.

I specifically certify that the figures for Gross Lottery Sales in 2007, 2008 and 2009 represent only the amounts derived from the sale of scratch cards and/or lines or other draws with a weekly or higher frequency, at the price displayed on the product. The figures do not include amounts received by way of donations or amounts given by members of the public to the sellers which are not given in payment for scratch cards and/or lines or other draws with a weekly or higher frequency.

(TO BE SIGNED BY THE *CHAIRPERSON OF THE BOARD OF DIRECTORS OR A TRUSTEE AND BY THE TREASURER OR FINANCIAL OFFICER*)

Signed.:

(Chairperson of the Board of Directors / A Trustee)

Date:

Signed.:

(Treasurer / Financial Officer)

Date:

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Completed application forms should be returned to

National Lottery Section

Department of Finance

Merrion Street

Dublin 2

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Not later than 12.00 noon on Friday 1st October 2010.

Further information may be obtained by Phone from 01 6318121/6318032.