



14th April 2025

OPS/OPM-EES/1/2025

To: Permanent Secretaries

Re: Conflict of Interest and Action against Fraud and Corruption

As referenced in MA Circular 4/2022 and MEFL/EF Circular 1/2023, both issued by the Permanent Secretary EU Funds on 15 December 2022 and 21 August 2023 respectively, repeatedly audits conducted by the European Commission and the European Court of Auditors are evaluating the systems employed by Maltese authorities to manage and implement EU-funded projects. These audits are continuously identifying several areas requiring improvement, and propose recommendations aimed at strengthening oversight and governance.

Yet again the key findings raised concern particularly on the prevention, identification, and mitigation of conflict of interest, as well as measures to detect and address fraud and corruption.

Through this Circular, the Ministry is reminding Line Ministries and Beneficiaries about their obligations in ensuring rigorous conflict of interest checks, including on Ultimate Beneficial Owners, throughout the entire project lifecycle, from design to procurement and beyond. This includes also checks on recruitment processes, where applicable. In addition, robust risk assessments and timely interventions are required to mitigate the risk of fraud and corruption during project implementation.

The checks should ideally be carried out primarily, by the beneficiaries, to detect any irregularities at the inception. In any case, the obligation vests on the Line Ministries to perform these checks in their entirety.

In accordance to sub-heading 1 of Article 61 "Conflict of interests" of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024, all officials involved in EU-funded projects shall not take action which may bring their own interests into conflict with those of the Union.

With regards to procurement checks, checks should be conducted on the **Evaluation Committee Members (including any Consultant/Technical Advisor/s) and Procurement Drafters**, whilst for recruitment checks, these should be performed on the selection committee members and the engaged employees. The above should be counter checked with the project team involved in the implementation of the project. The parties involved must sign a Declaration of Conflict of Interest concerning their role within the specific contract/remit. All Declarations must be securely stored.



With reference to the above-mentioned conflict of interest check on the project team, this refers to persons who are involved in the direct management and implementation of the project. The immediate project team would usually include (i) the Head of the Entity/Organisation (ii) Project Leader (iii) project manager (iv) contact person and (v) other relevant person/s as determined by the Beneficiary.

The immediate project team must sign the Declaration of Conflict of Interest as soon as they are engaged on the project. Furthermore, a revised declaration must be submitted whenever any circumstances arise that may impact any project team member's conflict of interest, in relation to the ongoing project. Furthermore, they must be re-submitted and reviewed on a yearly basis, preferably by March of each year, to ensure continued compliance.

Annex I and Annex Ia, attached to this circular, refer to the Declarations on Conflict of Interest that need to be completed and signed by the parties involved.

Annex II, attached to this circular, has been updated to reflect the latest changes and outlines key stages and processes where such checks should be diligently applied to ensure transparency, accountability, and fairness in the implementation of EU-funded projects. The updated Annex II also recommends the use of data mining tools to enhance the effectiveness of these checks and improve overall results.

It is being reiterated that, while Annex II provides guidelines on the minimum checks to be carried out, Line Ministries/Beneficiaries are expected to exercise independent judgement and conduct thorough assessments to identify and mitigate any conflicts of interest that could compromise EU funding.

Line Ministries are reminded of their obligation to develop and maintain a Fraud Risk Register. This register must be based on a comprehensive fraud risk assessment that identifies, evaluates, and manages risks inherent in the Ministry's operations and also in EU-funded projects. This assessment should bring forth areas most vulnerable to fraud and corruption, forming the basis for the development of a robust Fraud Risk Register. This should be kept updated and reviewed at least, every two years, and utilised whenever the need arises.

As a reminder, Annex III¹ provides detailed instructions on conducting fraud risk assessments and compiling the Fraud Risk Register. Annex IV² lists potential mitigating controls that can be applied to address specific fraud risks. It is imperative that Line Ministries implement these controls and ensure their consistent application in practice.

¹ Annex III is an abstract from Commission Guidance 'Fraud Risk Assessment and effective and proportionate Anti-Fraud Measures' of June 2014.

² Annex IV is an abstract from Commission Guidance 'Fraud Risk Assessment and effective and proportionate Anti-Fraud Measures' of June 2014.



EU funding plays a vital role in supporting Malta's administrative, economic, and social development. In light of the increased scrutiny and emphasis placed by the European Commission and other relevant stakeholders on the integrity and transparency of EU-funded projects, it is essential that all Line Ministries and Beneficiaries comply fully with the obligations set out in this and preceding³ circulars.

By reinforcing conflict of interest checks and implementing comprehensive fraud prevention measures, we can strengthen the governance of EU-funded projects and safeguard the interests of both the Union and Malta.

For further details, please refer to Annexes I to IV attached to this circular.

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Permanent Secretary
OPM EES

List of Annexes:

- Annex I: Declaration Conflict of Interest_BNs
- Annex Ia: Declaration Conflict of Interest_Non-Ministerial
- Annex II: Explanatory Note and checklist
- Annex III: Further Mitigating Controls
- Annex IV: Undertaking the Fraud Risk Assessment

³ To note that the contents of Annex I to MA Circular 4/2022 have been incorporated in the revised checklist of Annex II to this Circular. Thus, one has to refer directly to the revised Annex of this Circular.