

# Record Keeping

## Record Keeping for European Funding Projects

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### Introduction

This guidance offers some practical advice and suggestions on keeping records to help ensure that projects funded by European Structural funds can comply with the requirements of their funding. This guidance does not replace any guidance issued by WEFO. Projects should always refer to their own funding agreement letter and the most up to date version of the [‘Eligibility rules and conditions for support from the European Structural Funds 2014-2020’](#) to ensure their project is fully compliant.

## What is Record Keeping?

Expressed simply, record keeping is how you arrange files for the documents that you need to store as evidence, not only for what the project has cost to run, but also to show what it did and what it achieved. These documents will include financial information as well as details of the project activity and its results.

## Why Keep Records?

It is a requirement of all European funding awards that projects are able to provide full evidence to support all of their expenditure and also their project activity. The European Union will look at the impact of each of their programmes in each specific member state to ensure the aims of the programme have been met. Therefore the Welsh European Funding Office (WEFO) will need to collate and analyse the information and statistics gathered from individual projects.

It is important to remember that European funding is public money and all projects will be subject to a level of audit and verification to ensure both eligibility of expenditure and activities. Checks will be made against programme guidance and also individual grant and contract awards. If records are not in place to demonstrate this, a project may be required to repay money which has already been claimed.

European funding will contribute towards the administration costs of a project and it is imperative that enough resource is dedicated within a project budget to allow for this to happen effectively.

Maintaining effective records may also be of wider benefit to your organisation because the quality of the information produced by a good record keeping system may prove useful for writing other funding applications and for helping to demonstrate success to outside organisations and the public in general. A good record keeping system also makes it easier for new staff starting work on the project.

## Where to Start

It is made clear by European regulations that record keeping is a requirement, but it is also recognised that organisations and projects vary to such an extent that a single system would not work. It is therefore left to individual organisations to design and implement systems that will work for them; whilst ensuring the European monitoring and audit requirements are fulfilled.

The basis for a good record keeping system comes before the project begins. As part of the application process (whether that is direct to WEFO or through a procurement or grants scheme), well before the start date, a potential project must provide information about what it will do, why it needs to do it, how it will manage and administer the project, and how much it will cost. Thinking through the answers to these kinds of questions should provide an initial guide as to the way a record keeping system might be put together that would be appropriate to your project.

## Record Keeping vs. Monitoring and Evaluation

Voluntary organisations have often felt a conflict between their traditional approach to their work and European funding requirements. In the past Europe may have been regarded as wanting to know the cost of everything but failing to understand the value of the work such organisations carry out. In particular, projects need to demonstrate how social and community benefit can impact on the economy and this is where a distinction needs to be made between record keeping and monitoring and evaluation.

Monitoring and evaluation refers to how you measure the success and impact of the work you are doing and this should be carried out both during and after the project. There are some specific ways of doing this, including the measurement of soft outcomes and distance travelled. Your record keeping system is the foundation that will enable you to effectively monitor and evaluate your project because it provides the evidence to show what has been done, over what time period, at what cost, and achieving what results.

## Audit and Document Retention

All European funded projects will undergo audit and verifications checks, and auditors will find great value in the records that you keep. Alongside discussions with project staff, project records will be the key source of information for auditors.

Unlike previous programmes, retention periods for projects are no longer linked to the programme closure process. This means the average retention periods will reduce to between 5 and 10 years from the date that you declare your expenditure to WEFO or, if applicable, an Intermediate Body. In most cases, this will be around 3 years following the end of your project. However, WEFO will inform you in writing of the actual retention periods that apply to your project.

All files (physical and electronic) or boxes should be clearly labelled to reflect document retention periods, and best practice recommends putting in place a document retention policy which clearly outlines requirements to all staff. With this in mind, records should be kept in a clear and logical fashion, be easily accessible, complete, and familiar to as many staff as possible.

Continuity can be a real issue if the original project manager is no longer with you, especially if an audit takes place after a project has come to an end. It is therefore recommended that there is a named contact point as being responsible for the project after its end date.

[Appendix 3](#) includes an example document retention policy.

## Format of Documents

Documents can be retained in any of the following formats:

- Documents that originate and exist only in their native digital form i.e. so called 'born digital' records such as e-mails, database records and spreadsheets etc.
- Electronic/digital versions of original paper documents held on commonly accepted data carriers such as microfilm, digitised/scanned/replica images etc.
- Original paper documents.
- Certified true copies of an original paper document



### External Link

For further information on WEFO's conditions for accepting documents, please refer to WEFO's 'Eligibility rules and conditions for support from the European Structural Funds 2014-2020'

[WEFO - Eligibility Rules and Conditions](#)

## Financial Record Keeping

When running a European funded project, it is essential to keep records of all financial activity. When the project is audited, the auditors will look for proof of the total project expenditure. Records must be kept to evidence both in-kind and actual expenditure, as well as any income generated.

For example, if the total eligible project cost is £100,000, and the intervention rate is 70%, then proof of £100,000 expenditure which would be inclusive of the £30,000 match-funding will need to be recorded and evidenced in order to claim £70,000 of European funding.

Organisations will more than likely already have systems in place to record their financial expenditure, but it is important that all records relating to the European funded activity can be clearly identified and evidenced.

The recording of finances may involve a mixture of electronic records e.g. through an organisation's own accounting software and also paper copies of documents such as invoices, receipts and bank statements.

It is advisable where financial information crosses over between an organisation's main accounting system and project specific systems that a clear cross referencing process is in place to easily identify relevant records. There is no definitive list of what evidence should be provided for to support real costs but the table below gives some common examples.

Cost	Example Evidence
Staff salary	Breakdown of payroll salary calculations including clear evidence of employer national insurance and pension contributions, contracts of employment, appointment letters.
Staff time spent on project	Counter-signed staff timesheets which show all eligible and ineligible project activity (all timesheets should be originals, not copies)
Staff training	Training course details showing relevance to project, invoices/ receipts
Staff travel and subsistence	Counter-signed expenses claim forms with attached original receipts and/or tickets
Staff recruitment	Copies of recruitment advertisements with attached invoices
Training materials (e.g. training packs, books, software)	Invoices, cross-reference to payment details, and a justification of the course materials; leaflets/posters advertising courses
Venue hire and catering	Invoices and related course details
Office costs	Stationery etc.; invoices, bills and receipts, any relevant procurement records and value for money calculations, cross-reference to payment details,
Marketing	Copies of any advertisements and marketing materials with attached invoices, any relevant procurement records and value for money calculations, cross-referenced to payment details
Participant/volunteer travel and subsistence	Countersigned expenses claim forms with attached receipts and/or tickets (not copies)

Child/dependent care costs (where eligible)	Counter-signed claim forms with attached invoice/receipt for actual childcare costs (original copies)
Participant salaries (on eligible projects only)	Breakdown of payroll salary calculations including clear evidence of employer national insurance and pension contributions, contracts of employment, appointment letters.
Participant/volunteer time spent on project	Counter-signed staff timesheets which show all eligible and ineligible project activity (all timesheets should be originals, not copies)
Other project costs (e.g. purchase of equipment, land, buildings, provision of training, accreditation)	Invoices, any relevant procurement records and value for money calculations, cross-reference to payment details

There must be clear evidence to show that all costs have been paid, this is often referred to as the defrayal of costs. The easiest way to evidence this is through providing bank statements showing the money leaving your organisation’s bank account.

It is important to remember that each project has its own individual contract or grant award and you should always refer to the individual requirements of your project to ensure you are providing the information required. There is no ‘one size fits all’ approach to financial record keeping. If you are in doubt as to whether you are keeping the appropriate records please contact WEFO, the Intermediate Body or Lead beneficiary for clarification specific to your project.

## Record Keeping for Capital Costs

ERDF projects are likely to include **capital costs**, which are costs incurred through the purchase of land, buildings, construction of equipment. ESF projects on the other hand have predominantly revenue costs.

Any capital expenditure must be specifically approved by either WEFO, the Intermediate Body or Lead Beneficiary. Small items of capital expenditure are permitted on ESF projects where a clear rationale has been provided to demonstrate why it is necessary.

The records for ERDF capital costs need to be treated in the same way as any other financial records, i.e. invoices, relevance to project and payment information must be available for all capital costs shown as part of total project costs.

Auditors will look for an audit trail back to the figures that make up any claim, and all claims must be based on actual rather than projected figures. It is also advisable to attach in your project file copies of your claim forms to show that what you claimed was equal to what you spent. We recommend that for each claim, you attach a summary sheet that shows the breakdown of costs you have claimed for. Invoices (or cross-referencing information) and timesheets to back up these costs should also be attached to this summary sheet.

All capital expenditure must also be recorded in an asset register. Either an existing corporate asset register or a project specific register can be used. The register must record at least:

- Date of purchase/acquisition
- Cost
- Description of item and/or unique asset number
- Location
- Depreciation charged to date (if applicable)
- Net 'book value' (original cost less depreciation charged to date)
- Sale/disposal date and amount (if applicable)

## Income Generation and European Funded Projects

No European funded project should have the intention or effect of producing a profit (the 'no profit principle'). Where a profit/surplus is made, a percentage of the profit may have to be returned depending on whether the revenue arises during the implementation period of a project or the post-completion phase.

Many organisations find this a complex area to navigate and for all European funded projects it is usually better to avoid generating income during the lifetime of the funding because it makes the record keeping more complicated.

In the context of sustainability and exit strategies, many projects find this a difficult issue to resolve. Therefore, all projects likely or hoping to generate income should ensure that this is fully discussed at application stage with WEFO, the Intermediate Body or Lead beneficiary taking advice from them before making any final decisions. Copies of any correspondence regarding any income you think will be generated should be kept in the project file.

## Activity Record Keeping

Providing evidence to show what the funding has been spent on is one side of your project story and it is just as important to keep records relating specifically to the activity of your project. Again there is no 'one size fits all' approach to recording project activity. Each project will have their own set of clearly defined outcomes and outputs and will need to work with WEFO, the Intermediate Body or Lead beneficiary to ensure that they clearly understand what records are required to evidence their achievements.



### External Link

WEFO have provided specific guidance relating to each specific objective as set out in the operational programmes. All guidance documents can be found on the 'Monitoring and evaluation' section of the WEFO website within the section relevant to the funding programme.

[WEFO - Monitoring and Evaluation](#)

## Participant Eligibility (ESF Only)

In the current programme of funding there are very clearly defined rules as to how projects should assess individual participants' eligibility to access activity. These checks must be fully supported by specific evidence which will be looked at during audits and verifications.

Evidence required is specific to each target group of participant and projects must refer to the '[European Social Fund 2014-2020: Guidance on assessing participant eligibility](#)'.

## Cross Cutting Themes

All European funded projects must be able to demonstrate their contribution to the Cross-Cutting Themes (CCT). Through the business planning or project application stage you will have clearly defined specific targets in relation to CCTs and it is important that you ensure evidence is collected throughout your project implementation to demonstrate the work against and ultimate achievement of these targets. Projects should always refer to their funding agreement to ensure they are recording the required information.



### External Link

Additional information on Cross Cutting Themes can be found on the WEFO website  
[WEFO - Cross Cutting Themes](#)

## Publicity

It is a requirement of all European funding that projects are publicised in line with the specific '[Information and publicity guidance 2014 -2020](#)'. Projects will often keep records where a cost has been incurred relating to specific publicity but it is important that projects retain records to demonstrate the full extent of their publicity, including (but not exclusive to) screenshots from websites, press releases, the correct use of logos and any activity on social media.

## Appendix One

### An example ESF project

The Baggins Foundation is delivering an ESF funded project working with economically inactive participants who are aged over 25 and have a work limiting health condition. The project is delivering specifically in North West Wales (Denbighshire, Conwy, Gwynedd and Anglesey). The project is operating over 2 years. The organisations are a lead beneficiary directly with WEFO and are delivering all activities themselves.

General Cost Headings	Cost
<b>Staff salaries*</b>	
Project manager	£50,000
Support worker	£40,000
Administrator	£35,000
<b>Volunteer time</b>	
Volunteer trainer	£20,000
<b>Other staff costs</b>	
Staff recruitment	£1,000
Staff and volunteer travel and subsistence	£2,350
<b>Participant costs</b>	
Participant travel and subsistence	£10,000
Participant childcare	£5,000
Qualification accreditation	£3,000
<b>Other Project Costs</b>	
Training materials	£5,000
Publicity and marketing	£1,500
5x laptops	£2,400
Celebration event x2	£6,000
<b>15% Indirect uplift</b>	<b>£18,750</b>
<b>Total project cost</b>	<b>£200,000</b>

\*All staff costs include employer national insurance and pension contributions

Intervention rate	70%
Europe will contribute	£140,000
Match funding needed	£60,000

The match funding being provided is a mix of the volunteer trainer and cash from the organisation’s own unrestricted assets.

Outputs	Target
Number of participants engaged	100
Number of participants achieving an accredited qualification	70
Number of participants entering volunteering	40
Number of participants entering employment	20
Number of participants achieving a positive outcome	90

The project file will include (the project file could be a mix of electronic and paper files):

### General project management

- Copy of final business plan and any relevant annexes
- Funding agreement letter
- Correspondence with WEFO
- Any match funding agreement letters (where applicable)
- Copies of any reviews and evidence to address any follow up actions
- Copies of any audit/verification reports
- All publicity records
- Evidence to support work towards Cross-Cutting Themes
- Organisational financial regulations
- Copies of relevant organisational policies including (but not limited to) –
  - Constitution / Memorandum of articles
  - Health and safety policy
  - Data protection policy
  - Equal opportunities policy
  - Environmental policy
  - Welsh language policy
  - Conflict of interest and Anti Bribery policy
  - Safeguarding policy
  - Procurement policy
  - Staff travel policy
  - Document retention policy

- Annual accounts
- Quarterly management accounts
- Agreed cash flow summary
- Staff structure

## Finances records

- Project budget with cumulative spend
- Quarterly claims with supporting evidence
  - Staff salaries
    - Contracts of employment / letters of appointment / job descriptions
    - Payroll information
    - Signed timesheets
    - Payslips
    - Bank statements
  - Volunteer time
    - Volunteer role description
    - Signed timesheets
  - Other staff costs
    - Invoice for recruitment adverts with attached adverts (showing compliance with publicity requirements)
    - Signed expense forms with original copies of any receipts – ensure expenses claimed are in line with organisation policy and match up to timesheets.
    - Bank statements
  - Participant costs
    - Signed expense forms with original copies of any receipts – ensure expenses claimed are in line with organisation policy
    - Invoice from childcare provider – must demonstrate that it is a registered childcare provider
    - Invoice for accreditation – ensure a list of participants is provided linked with the accreditation. Corresponding paperwork within participant record must correspond
    - Bank statements
  - Other project costs
    - Invoices related to production of training materials – copies of materials produced (showing compliance with publicity requirements), evidence to show compliance with procurement procedures and value for money calculations.

- Invoices related to production of publicity materials – copies of materials produced (showing compliance with publicity requirements), evidence to show compliance with procurement procedures and value for money calculations.
- Invoices for laptops, evidence to show compliance with procurement procedures and value for money calculations.
- Invoices related to celebration event, delegate lists, copies of any publicity/marketing, evidence to show compliance with procurement procedures and value for money calculations.
- Bank statements
- Transaction list for the quarters expenditure
- Copies of verification reports and correspondence
- Payment letters

### Participant records

- Project profile showing cumulative achievements
- Signed participant enrolment form – collecting all information required by WEFO
  - Evidence to support National Insurance Number
  - Evidence to show they are from the approved geographical area
  - Evidence to show they are from the approved target groups (Economically Inactive and Work Limiting Health Condition)
  - Evidence to show the participant is over the age of 25
  - Suitability assessment to show relevance of activity
- Evidence to show actual engagement
  - Attendance registers
  - Signed timesheets (if relevant)
  - Action/Training plans
  - Reviews documents
- Soft skills questionnaires – must show distance travelled
- Evidence to show achievement of qualifications – certificates, course transcripts
- Evidence to support progression outcome - signed confirmation from employer / volunteer placement
- Signed exit form - collecting all information required by WEFO

## Appendix Two

### An example ERDF project

A community council for a small Mid Wales village has been awarded a project to install a wind turbine in the village in order to develop a small scale community energy scheme. The project is operating over 2 years and the community council are the lead beneficiary with WEFO.

General Cost Headings	Cost
<b>Staff salaries*</b>	
Project manager	£75,000
Administrator	£35,000
<b>Other staff costs</b>	
Staff recruitment	£1,000
Staff and volunteer travel and subsistence	£2,000
<b>Other Project Costs</b>	
Wind turbine purchase and installation	£527,000
Expert contractor services	£50,000
Specific insurance and licenses	£20,000
Site survey and clearance	£10,000
Publicity and promotion	£8,000
Community launch event	£5,000
<b>15% Indirect uplift</b>	<b>£16,500</b>
<b>Total project cost</b>	<b>£750,000</b>

\*All staff costs include employer national insurance and pension contributions

Intervention rate	65%
Europe will contribute	£487,500
Match funding needed	£262,500

The match funding is being provided from a private donation of cash.

Outputs	Target
Number of community energy schemes created	1

The project file will include (the project file could be a mix of electronic and paper files):

### General project management

- Copy of final business plan and any relevant annexes
- Funding agreement letter
- Correspondence with WEFO
- Any match funding agreement letters (where applicable)
- Copies of any reviews and evidence to address any follow up actions
- Copies of any audit/verification reports
- All publicity records
- Evidence to support work towards Cross-Cutting Themes
- Organisational financial regulations
- Copies of relevant organisational policies including (but not limited to) –
  - Constitution / Memorandum of articles
  - Health and safety policy
  - Data protection policy
  - Equal opportunities policy
  - Environmental policy
  - Welsh language policy
  - Conflict of interest and Anti Bribery policy
  - Safeguarding policy
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- Agreed cash flow summary
- Staff structure

### Finances records

- Project budget with cumulative spend
- Quarterly claims with supporting evidence

- Staff salaries
  - Contracts of employment / letters of appointment / job descriptions
  - Payroll information
  - Signed timesheets
  - Payslips
  - Bank statements
- Other staff costs
  - Invoice for recruitment adverts with attached adverts (showing compliance with publicity requirements)
  - Signed expense forms with original copies of any receipts – ensure expenses claimed are in line with organisation policy and match up to timesheets.
  - Bank statements
- Other project costs
  - Invoices related to purchase of wind turbine, evidence to show compliance with procurement procedures and value for money calculations.
  - Invoices for expert contractor services, correspondence to demonstrate work, copies of any reports produced, evidence to show compliance with procurement procedures and value for money calculations.
  - Invoices for specialist insurances and licenses, copies of any reports produced, evidence to show compliance with procurement procedures and value for money calculations.
  - Invoices for site survey and clearance, copies of any reports produced, evidence to show compliance with procurement procedures and value for money calculations.
  - Invoices related to production of publicity materials – copies of materials produced (showing compliance with publicity requirements), evidence to show compliance with procurement procedures and value for money calculations.
  - Invoices related to community launch event, delegate lists, copies of any publicity/marketing, evidence to show compliance with procurement procedures and value for money calculations.
  - Bank statements
- Transaction list for the quarters expenditure
- Copies of verification reports and correspondence
- Payment letters
- Clear records relating to any income generation

## Activity records

- Any reports produced relating to progress of work
- Photographs of work undertaken
- Full records relating to the set up and implementation of community energy scheme
  - Including details of those signed up
  - Events and promotion around the scheme
- Evaluation of the energy scheme

## Appendix Three

### Example document retention policy

This policy relates to the retention of documentation in relation to European Funded [Insert Org name] Projects. This document will be updated periodically to reflect any changes in European Regulations.

It is the policy of [Insert Org name] to retain all documents relating to European Projects in-line with the guidance issued in the Eligibility rules and conditions for support from the European Structural Funds 2014-2020 and the specific requirements issued in the grant offer letter. No documents should be destroyed without an official letter from the Welsh European Funding Office approving the destruction of project documentation.

For the purpose of this policy, project documentation includes original paper copies and those stored electronically including but not limited to the following;

- Financial records
- Participant records
- Project activity records
- Policy documents
- Project procedures
- Evaluations
- Staff records and timesheets
- Procurement/tendering records
- Project documents
- Publicity
- Evidence of Cross Cutting Themes

### Method of storage for archived projects

Once a project has been completed and the final payment has been received from the Welsh European Funding Office, all hard copy project documentation must be archived in the appropriate boxes and the contents of each box recorded on the archive spreadsheet.

Each box should be labelled (on all four sides) with the following information;

- Box number
- Project name
- Project number
- Brief description of contents e.g. participant information, finance etc
- Possible destruction date

The destruction date should only be used for review purposes only. No documents should be destroyed based on this date unless explicit instructions have been received from WEFO to destroy the documents.

Clear records should also be maintained to record the storage of electronic evidence which back up files kept within boxes where appropriate. Any relevant passwords to access files will be recorded on the archive spreadsheet.



Cefnogi Trydydd  
Sector **Cymru**

Third Sector  
Support **Wales**

Third Sector Support Wales is a network of support organisations for the whole of the third sector in Wales.

It consists of the 19 local and regional support bodies across Wales, the County Voluntary Councils (CVCs) and the national support body, Wales Council for Voluntary Action (WCVA).

For further information contact  
<https://thirdsectorsupport.wales/contact/>

## Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.



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