

Subrecipient Monitoring vs. Audits

While there are many similarities between monitoring activities and audits, there are also some significant differences. It is important to understand the scope and purpose of each.

Audits

An audit is a formal examination of how funds were managed and spent and performed by an external or internal auditor. Audits are generally conducted on site and typically focus on allowability of costs, internal controls, adherence to regulations, and accuracy of reporting. Typically, audits are considered a “look-back in time” and includes a sampling of financial records with a focus on cost principles, allowability, allocability and cost reasonableness.

Auditors will review internal controls and systems, such as separation of duties, signature/approval requirements, and other checks and balances. Auditors issue findings and recommendations based on their review. 2 CFR 200.501 details audit requirements for single audits as required by federal awards.

Subrecipient Monitoring

Monitoring can occur at any point in time during a grant cycle. A subrecipient risk assessment should be performed to identify the subrecipient’s level of risk which determines the frequency of monitoring. The higher the risk, the more frequent the subrecipient should be monitored.

Monitoring provides an oversight of grant activities. This may include technical assistance, review of financial and programmatic requirements, as well as day-to-day program management, policies and procedures, and program activities/outcomes. Monitoring may be conducted via a desk review, a site visit or a combination of the two. Desk reviews provide a quick and efficient opportunity to monitor a subrecipient without having to do an onsite visit allowing for potential compliance issues to be addressed sooner. Onsite monitoring provides an opportunity to see grant activities in action, verify equipment use and retainage, and allows for face-to-face communication with grant staff facilitating better communication.

While these two activities are similar, it’s important to ensure that subrecipients are clear on the difference between the two. Subrecipients should know that grant staff do not perform audits; however, grant monitoring provides subrecipients with an opportunity to be audit ready.

Resources:

[Single Audit Reviews](#)

[Subrecipient Single Audit Responsibilities](#)



[OSC Guide for Monitoring Subrecipients](#)

[Subrecipient Monitoring Training](#) (OSC recording from 2024)

[Risk Assessment Tool](#) (must download and save to computer prior to using)

