TWC RESOURCE LIBRARY

TWC Balance Sheet Audit Preparation Checklist

A practical document-request guide for Texas career schools preparing for an independent CPA audit of a balance sheet submitted in connection with TWC certification or financial-stability requirements.

How to use this checklist
Confirm the required reporting date and engagement scope with your CPA before assembling records. Check each item that applies, label files consistently, and provide reconciled support through a secure portal. Your CPA may request additional information based on the school's structure, activity, and identified risks.

School legal name ______________________	**Balance sheet date** ______________________
Primary contact ______________________	**Expected submission date** ______________________

1. Confirm the engagement

Resolve these points before your CPA begins fieldwork.

- [ ] Confirm whether TWC is requesting an audited balance sheet only or a broader set of financial statements.
- [ ] Confirm the required balance sheet date and the application, renewal, ownership-change, or other filing to which it relates.
- [ ] Provide the current TWC request, checklist, deficiency notice, or correspondence applicable to the school.
- [ ] Identify the legal entity that operates the school and confirm that the accounting records match that entity.
- [ ] Tell the CPA about related entities, common ownership, assumed names, branches, and any parent or subsidiary relationships.
- [ ] Execute the engagement letter and complete independence and conflict-check requests promptly.

TWC financial-standard reminder
Texas Administrative Code Section 807.32 generally requires positive equity or net worth, a current ratio of at least 1:1, and net worth exceeding reported goodwill, if applicable. Do not record last-minute transactions solely to change these measures without first discussing their substance and accounting treatment with your CPA.

2. Core accounting records

Provide final, internally approved records as of the audit date.

- [ ] Final accrual-basis trial balance and balance sheet in Excel, with account numbers and descriptions.
- [ ] Detailed general ledger from entity inception (for a new school) or for the period requested by the CPA.
- [ ] Chart of accounts and a mapping of trial-balance accounts to the balance sheet.
- [ ] Documentation of all post-closing and audit-proposed entries already recorded.
- [ ] Reconciliation of the trial balance to the accounting system and any application financial schedules.
- [ ] Accounting policies or explanations for unusual, newly created, or manually adjusted accounts.

3. Cash and restricted funds

- [ ] Bank statements for every operating, payroll, savings, money-market, merchant, and other cash account covering the audit date.
- [ ] Bank reconciliations as of the audit date, with all reconciling items identified and supported.
- [ ] Subsequent bank statement or online activity showing that outstanding checks and deposits in transit cleared.
- [ ] Bank confirmation information, including bank name, account number ending, authorized signer, and current contact details.
- [ ] Support for restricted cash, escrowed funds, certificates of deposit, or compensating-balance arrangements.
- [ ] Explanation and support for transfers between accounts near the audit date.

4. Receivables, tuition, and other current assets

- [ ] Detailed accounts-receivable aging that agrees to the trial balance.
- [ ] Student ledger detail supporting tuition receivables and credit balances at the audit date.
- [ ] Subsequent cash receipts detail supporting collection of material receivable balances.
- [ ] Allowance methodology and support for balances considered doubtful or uncollectible.
- [ ] Schedules and invoices supporting prepaid expenses, deposits, employee advances, and other current assets.
- [ ] Identification of amounts due from owners, officers, employees, affiliates, or related parties.

5. Property, equipment, and other assets

- [ ] Fixed-asset and accumulated-depreciation schedule that agrees to the trial balance.
- [ ] Invoices, contracts, proof of payment, and placed-in-service dates for significant asset additions.
- [ ] Documentation of disposals, trade-ins, abandoned projects, or impaired assets.
- [ ] Lease agreements and schedules for operating or finance lease assets and obligations, if applicable.
- [ ] Support for intangible assets, organizational costs, software, goodwill, or other noncurrent assets.
- [ ] Evidence of ownership for vehicles, equipment, real estate, and other significant assets.

6. Accounts payable and accrued liabilities

- [ ] Accounts-payable aging that agrees to the trial balance.
- [ ] Vendor statements and unpaid-invoice detail for significant vendors.
- [ ] Subsequent disbursement detail from the audit date through the period requested by the CPA.
- [ ] Support for payroll, payroll tax, sales tax, franchise tax, benefits, professional fees, rent, utilities, and other accruals.

- [ ] Listing and explanation of checks held, voided payments, disputed invoices, or unrecorded obligations.
- [ ] Documentation of refunds owed to students and other student credit balances.

7. Debt and other obligations

- [ ] Loan agreements, promissory notes, lines of credit, and lender statements.
- [ ] Debt rollforward showing beginning balance, borrowings, repayments, and ending balance.
- [ ] Amortization schedules separating principal, interest, and current versus long-term portions.
- [ ] Support for accrued interest, covenant calculations, collateral, guarantees, and covenant violations or waivers.
- [ ] Documentation of owner, officer, affiliate, or related-party loans, including terms and repayment activity.
- [ ] Contracts or commitments that may require recognition or disclosure, including equipment, facility, and service agreements.

8. Equity, ownership, and related parties

- [ ] Formation documents, governing documents, assumed-name filings, and current ownership schedule.
- [ ] Documentation of capital contributions, distributions, draws, stock issuances, or other equity activity.
- [ ] Proof of deposited cash contributions and support for noncash assets contributed to the entity.
- [ ] Equity rollforward from formation through the audit date.
- [ ] Listing of owners, officers, key management, related entities, and the nature of related-party transactions.
- [ ] Agreements and balances involving owners or affiliates, including shared costs, management fees, leases, advances, and guarantees.

9. Student tuition and unearned tuition

Even when the engagement is limited to a balance sheet, student-account data may be needed to evaluate receivables, refunds, and deferred or unearned tuition.

- [ ] Enrollment roster as of the audit date, including program, start date, expected completion date, tuition, payments, refunds, and status.
- [ ] Student ledger or subledger reconciled to receivables, student credit balances, refunds payable, and deferred or unearned tuition.
- [ ] School policy and calculation used to recognize tuition revenue and determine unearned tuition.
- [ ] Support for cancellations, withdrawals, refunds, scholarships, discounts, and third-party funding.
- [ ] Completed unearned tuition affidavit and owner's sworn statement, when required for the filing.
- [ ] Separate identification of tuition and fees by school or branch when more than one location is involved.

10. Legal matters, contingencies, and subsequent events

- [ ] List of attorneys used by the school and a summary of litigation, claims, disputes, investigations, or regulatory matters.
- [ ] Correspondence from TWC or other regulators, including complaints, findings, sanctions, or unresolved deficiencies.
- [ ] Summary of commitments, guarantees, concentrations, or events that may affect the school's ability to continue operations.
- [ ] Details of significant transactions after the audit date, including new debt, owner funding, distributions, acquisitions, closures, casualty losses, or major contracts.

- [ ] Board, member, or owner minutes and written consents through the date requested by the CPA.
- [ ] Explanation of known fraud, suspected fraud, or allegations affecting the entity.

11. Final quality-control review

Complete this review before uploading the package.

- [ ] All schedules use the same legal entity name and the same reporting date.
- [ ] Every supporting schedule agrees to the final trial balance; differences are explained and reconciled.
- [ ] Bank reconciliations contain no unexplained stale items or plug amounts.
- [ ] Receivable and payable subledgers agree to the general ledger.
- [ ] Current and long-term classifications have been reviewed for debt, leases, and other obligations.
- [ ] Owner and related-party transactions are separately identified and supported.
- [ ] Negative, unusual, or suspense-account balances have been investigated.
- [ ] Requested files are searchable PDFs or unlocked Excel files; file names describe the account and period.
- [ ] Sensitive information is transmitted only through the CPA's approved secure method.
- [ ] A knowledgeable contact is available to answer questions and approve adjustments.

Suggested file-naming format
Section - Account or Document - Date
Examples: 03 - Operating Bank Reconciliation - 2026-06-30.pdf; 06 - AP Aging - 2026-06-30.xlsx; 08 - Ownership Schedule - 2026-06-30.pdf

Notes and open items

Important information

This checklist is educational and is not an official TWC form, legal advice, or a complete audit request list. Requirements can vary by filing type, entity structure, facts, and current TWC instructions. An audit is performed by an independent CPA under applicable professional standards; providing the listed documents does not guarantee a particular audit opinion, TWC determination, or certificate approval.

Authoritative references consulted: Texas Administrative Code, Title 40, Part 20, Chapter 807, Subchapter C (including Sections 807.32 and 807.35); and the Texas Workforce Commission Career Schools and Colleges Forms & Publications page. Verify current requirements and forms before filing.