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October 22, 2013

Mr. Tate Holland, President  
Make-Up Designory  
129 South San Fernando Boulevard  
Burbank, CA 91502-1322

Certified Mail  
Return Receipt Requested  
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**RE: Final Audit Determination**  
**Audit Control Number (ACN): 09-2012-32399**  
**OPE ID: 04092400**

Dear Mr. Holland:

This letter advises Make-Up Designory of the U.S. Department of Education's (Department's) Final Audit Determination (FAD) concerning the audit report of Make-Up Designory's administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs). This report, prepared by Almich & Associates, P.C., Certified Public Accountants, in accordance with the Department's Audit Guide-Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers-January 2000, covers the period January 1, 2012 through December 31, 2012.

The Department has reviewed Make-Up Designory's Corrective Action Plan provided with the audit report. Enclosed is the Department's final audit determination for this audit. Also enclosed is Make-Up Designory's response to this audit. Any supporting documentation submitted with Make-Up Designory's written response is not included with this final audit determination. However, it will be retained and available for inspection by Make-Up Designory upon request. Copies of the final audit determination, Make-Up Designory's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this final audit determination is issued.

The auditor must comment on all the actions taken by Make-Up Designory to correct the finding noted in the audit report, as well as any required actions in the enclosure to this letter, in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

Make-Up Designory

OPE ID: 04092400

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Make-Up Designory is advised that repeat findings in future audits or failure to satisfactorily resolve the finding of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 C.F.R. Part 668, Subpart G.

This Final Audit Determination contains one or more findings regarding Make-Up Designory's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) in *Section 485(f) of the HEA*, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41, 668.46, and 668.49. Since a *Clery Act* finding does not result in a financial liability, such a finding may not be appealed.

Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures questioned in the audit, 34 C.F.R. § 668.24(e)(3)(i), or the end of the retention period applicable to the record under 34 C.F.R. §§ 668.24(e)(1) and (e)(2).

Make-Up Designory's continued cooperation throughout the audit resolution process is appreciated. If Make-Up Designory has any questions about the Department's review, please call Terri Tom of my staff at (415) 486-5616.

Sincerely,

[REDACTED]  
Martina Fernandez-Rosario

Division Director

San Francisco/Seattle School Participation Division

Enclosures: Final Audit Determination  
Response to Audit

cc: Ms. Christy Gregory, Financial Aid Administrator  
Accrediting Commission of Career Schools and Colleges, Accreditor  
California Bureau for Private Postsecondary Education, State Authorizing Agency  
ECMC, Guaranty Agency

**Make-Up Designory**

**OPE ID:** 04092400

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**FINDING NUMBER:** 12-1, Failure to Report Crime Statistics, Page 7

In the non-Federal audit report for the fiscal year ending December 31, 2012, the auditor determined that Make-Up Designory did not submit campus crime statistics for its New York campus to the Department by the deadline in October 2012. The auditor stated that the New York campus did maintain a daily crime log, and did in fact publish an Annual Security Report (ASR), and that the ASR was distributed it in a timely manner; however, Make-Up Designory failed to submit required crime statistics to the Secretary for inclusion in the Department's Campus Safety and Security Data Analysis Cutting Tool. (*Questioned Costs: None*)

The auditor also stated that upon being made aware of the violation during the April 2013 site visit, institutional officials promptly submitted the required information via the Department's Campus Safety and Security survey website. The auditor then confirmed this corrective action. The auditor attributed this violation to inadequate internal controls and a failure to adhere closely to the institution's policies and procedures.

**FINAL AUDIT DETERMINATION:**

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. § 668.46(b). In addition, each institution must also submit its crime statistics to the Secretary for inclusion in the Department's online campus crime statistics database called the "Campus Safety and Security Data Analysis Cutting Tool." This reporting requirement must be completed by the date designated by the Secretary each year. 34 C.F.R. § 668.41(e)(5).

In its Corrective Action Plan, Make-Up Designory stated that it concurred with the auditor's finding. Make-Up Designory also asserted that it has revised its policies and procedures for reporting campus crime statistics to the Department. Specifically, management stated that, "the Director of Compliance will assume the responsibility for reporting requirements and the School Director will oversee the process. This new procedure will ensure a system of checks and balances to prevent a possible oversight."

Based on the Department's review of the audit report and Make-Up Designory's representation that it has taken corrective action, this finding is now considered to be closed. However, the Department strongly recommends that Make-Up Designory re-examine all of its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that it continues to reflect current institutional practices and are compliant with Federal requirements. The auditor must report on the effectiveness of the corrective actions taken with a detailed comment in the "Prior audit" section of the next non-Federal audit report.



## CORRECTIVE ACTION PLAN

### Response to Financial Aid Audit Finding For

EIN Number 954655491  
OPE ID Number 04092400  
DUNS Number 062981589

Audit Firm: Almich & Associates, Certified Public Accountants  
Audit Period: Fiscal Year ended December 31, 2012

#### A. Comments on Findings, Recommendation:

- In Finding No. 12-1 the auditor determined that the school did not report crime statistics to the U.S. Department of Education for the New York campus. The school concurs with the finding.

#### B. Actions Taken or Planned:

- The school has revised its' policies and procedures for reporting campus crime to the U.S.D.E. The Director of Compliance will assume the responsibility for reporting requirements and the School Director will oversee the process. This new procedure will ensure a system of checks and balances to prevent a possible oversight.

#### C. Status of Corrective Action on Prior Findings:

- No prior findings were reported.

A handwritten signature in black ink that appears to read "Gil Romero".

Gil Romero  
School Director

OPE ID: 04092400
Institution Name: Make-up Designory

Deficiency Data Input Form (DDIF)				
State: CA	Review Begin Date: 07/29/2013			
Audit Control Number: 09-2012-32399	Completion Date: 07/29/2013			
Assign Date: 05/09/2013	Lead Specialist: Terri Tom			
Responsible Specialist: Terri Tom				
Type of Entry:				
A - Add Code	C - Change Code	D - Delete Code	E - Establish Liability	U - Update Liability
Note: Enter only new codes, revised codes, or codes that have an established or updated liability.				

**Repayment Methods:**

C - Cash Returned to Federal Account at Institution  
D - Funds to Direct Loan Organization Center  
E - Education Finance Accounts Receivable  
L - Not Required to Pay Assessed Liability Amt < \$1000  
N - Check to Perkins Loan Fund  
R - Repayment to Lender  
S - Repayment to Student  
T - Fine (Used by AAAD)  
V - Paid to ED (Liability already recovered by ED Finance)

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U. S. Department of Education

<b>AUDIT CLEARANCE DOCUMENT</b>						
[X] Original		[ ] Amended	[ ] Revised ACD	[ ] Revised FAD	[ ] Compromise Settlement	
Audit Control #: 09-2012-32399		Mgmt. Imp. Rpt. #:	Original Date:	Date: 07/29/2013		
Auditee Name : Make-up Designory		State: CA	OPE ID: 04092400	TIN: 954655491		
<b>Section 1 - Summary of Resolution Actions</b>						
Finding #:	Amount Recommended by Audit			Management Decision		
				Original ACD	Amended ACD	
Questioned Cost:	\$0			\$0	\$	
Unsupported Cost:	\$			\$0	\$	
Other Recoveries:	\$			\$0	\$	
Non-Monetary: 1-1	Total: \$0			Total: \$0	Total: \$	
<b>Deduct</b> Amount Not Recoverable:				(\$0)	(\$)	
<b>Add</b> Additional Amount Recommended by Action Official:				\$0	\$	
<b>TOTAL AMOUNT RECOVERABLE:</b>				\$0	\$	
Total # of Findings: 1	List Open Findings #'s: 0			DEDUCT		
Amounts Already Recovered:				\$0	\$	
Adjustment at Auditee Site:				\$0	\$	
<b>Other (Explain Below):</b>				\$0	\$	
<b>TOTAL DEDUCTIONS:</b>				\$0	\$	
<b>NET AMOUNT TO BE COLLECTED:</b> (Must equal amount shown in section 3)				\$0	\$	
<b>Section 2 - Better Use Funds</b>						
	\$		\$	\$		
<b>Section 3 - Accounting Information</b>						
DUNS #	DOCUMENT #	FUND CODE	PROJECT CODE	OBJECT CLASS	Amount to be Collected	Amount to be Deobligated
					\$	\$
					\$	\$
<b>Net Amount to be Collected</b> (Must equal Amount shown in section 1)					\$	\$
Reviewing Official: Terri Tom		Approving Official: Martina Fernandez-Rosario			OGC Clearance (if needed):	
Comments: All Findings were Resolved. No Questioned Costs.						

U. S. Department of Education