



Canadian Media Circulation Audit

Auditing Guidelines for Certified and Public Chartered Accountants

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I. What is Canadian Media Circulation Audit?

Canadian Media Circulation Audit (CMCA) is a program of the Canadian Community Newspapers Association that provides credible, independent confirmation of circulation figures and distribution methods claimed by print media publications, including community newspapers, daily newspapers and business and consumer publications. These publications rely on third-party circulation audits to provide the information needed by advertisers and advertising agencies when planning media buys and advertising campaigns.

Launched in 1971 as Verified Circulation, CMCA is a self-administered program. Each publication must be committed to the ongoing circulation record-keeping process—this is vital to their success as a CMCA member.

Publications are required to maintain a complete and accurate record of their distribution practices and subscription sales. This involves maintaining a file of receipts and listing their circulation figures for each issue on CMCA forms. These receipts and forms are then submitted as proof of the circulation claims made on their completed six-month circulation statement. Two semi-annual statements are then scrutinized together by an independent auditor.

Two types of independent auditors are permitted—a CMCA auditor (i.e., CMCA-approved and trained independent circulation auditing service providers) or an independent public chartered accountant.

Publishers are required to maintain circulation records in accordance with CMCA program rules. The publisher submits two reports yearly, each reflecting the circulation activity over a six-month period. Once a year, a thorough and rigorous audit is conducted on the past 12 months of reporting.

Original documents are kept at the publisher's premises. Photocopies are submitted for auditing purposes.



II. CMCA Contact Information and Resources

Canadian Media Circulation Audit
Canadian Community Newspapers Association
890 Yonge Street, Suite 200
Toronto, Ontario, M4W 3P4
Phone: 416-482-1090 or toll-free 1-877-305-2262 ext. 323
Fax: 416-482-1908
Website: www.circulationaudit.ca
Email: audit@ccna.ca

CMCA Website

Visit the CMCA website at www.circulationaudit.ca for more information about the program.

The Downloads section at www.circulationaudit.ca/downloads/ offers a number of member and auditor resources:

- Member manuals
- Forms – including mandatory forms and optional forms; some forms are auto-calculating, i.e., mathematical formulas are built in.
- Annual and Interim Report Checklists – helps members to determine what forms and backup documents to submit
- Auditing Guidelines
- Sample Accountant’s Letter

If you have any questions or require additional information, please contact the CMCA coordinator at 416-482-1090 ext. 323 or audit@ccna.ca.

III. Role of the auditor

The policies and procedures in this document have been prepared to guide the auditor in managing and conducting audit work. By studying and adhering to the following guidelines, auditors can help ensure that audits are conducted in a consistent and professional manner.



IV. Overview of the Audit Process

The process followed in conducting circulation audits and reporting to the CMCA office consists of the following phases:

1. **Audit Selection** – The majority of audits are done via distance auditing; that is, the publisher submits the auditing package to their chosen auditor. The auditor can request any additional information and documentation that is deemed necessary to complete the audit. Throughout the year, the CMCA office will select a number of titles at random to be audited on site by a CMCA auditor.
2. **Initiating the Audit** – With the exception of random on-site audits, the newspaper publisher is responsible for appointing an auditor to conduct the audit.
3. **Audit Survey** – Prior to beginning the audit, the auditor familiarizes him/herself with CMCA, the publication and its practices. This may involve:
 - reviewing the CMCA manual (available electronically at www.circulationaudit.ca/download);
 - reviewing the information on page 1 of Form X: Publisher's Circulation Report;
 - reviewing hard copies of the publication;
 - visiting the publication's website; and
 - interviewing the publisher and circulation manager.

During the audit survey, the auditor should note any potential issues.

4. **Audit Fieldwork** – Fieldwork consists of data collection, analysis and other activities designed to meet audit objectives. During fieldwork, auditors review the completed forms and documents submitted, as well as obtain more specific information to support and document audit findings.
5. **Reporting** – Reporting is the preparation of the written report, which communicates auditor findings, conclusions and recommendations for improvement. It should include general comments, errors identified, and any adjustments made to the Publisher's Circulation Report, distribution practices and/or record-keeping practices to correct the error. This report is submitted directly to the CMCA office, along with the accountant's letter outlining the procedures used to perform the audit.
6. **Independent Review** – The written report undergoes an internal quality control process to ensure that it is complete, accurate, objective and convincing. Independent review also assists in editing the report for clarity and conciseness.
7. **Follow-up** – The CMCA office employs follow-up procedures to help ensure that the publisher has taken appropriate action to resolve problems identified in audits.



V. Audit Fieldwork Instructions

Before you begin, review these instructions and ensure that you have copies of the following (available electronically from the CMCA website at www.circulationaudit.ca/download):

- CMCA manual
- Annual Report Checklist
- Interim Report Checklist

The following auditing procedures are to be executed on each completed Form X: Publisher's Circulation Report. **NOTE: For a 12-month audit, there should be two completed Form X's—each one covering a six-month period—along with supporting forms and documentation. The auditor must, therefore, execute these procedures twice.**

Verify that all forms and backup documentation have been submitted as specified in the Annual Report Checklist and Interim Report Checklist.

Select at random two issue dates from those listed on Form X: Publisher's Circulation Report, referring to the documentation submitted. Perform the specific procedures outlined below to confirm the numbers for those issues. If abnormalities are identified from the procedures, select a third issue and conduct the test again.

Instructions:

i. Column A: Date of Issue and Number of Pages

Obtain copies of the newspaper from the selected dates of issue to ensure that they were published on that date.

Depending on whether the publisher employs a paid-circulation model (subscriber-based) or controlled-circulation model (distributed to or picked up by readers at no charge), the publisher has access to a number of distribution methods. It is possible for a publication to have both paid and controlled circulation. In both cases, the publisher must keep track of all copies circulated.

Determine whether the publication is "Paid Circulation" or "Controlled Circulation".

- Paid Circulation guidelines apply to columns B to I.
- Controlled Circulation guidelines apply to columns J to P.



ii. Columns B & J: Mail

Obtain the Publisher's Statement of Mailing and reconcile the quantity of newspapers for the selected issues. For paid circulation, select a sample of paid mail subscribers and verify payment to the point of bank deposit.

iii. Columns C & K: Carriers

Obtain carrier payrolls for the selected issues and divide the payroll by the cents paid per issue. This will yield the quantity of papers delivered by the carrier fleet. For paid circulation, also verify that carriers collected payment from subscribers.

iv. Columns D & L: Dealers and Distributors

Obtain dealer and distributor invoices and returns, and compare net quantities distributed to the net quantities recorded on Form X for the selected issues.

v. Column E: Third Party Bulk Sales

The publisher must submit a signed and dated letter summarizing bulk sales distributed.

vi. Columns F & M: Counter Sales, Street Boxes and Pick-ups

Counter Sales - Review cash sheets which record cash sales for the selected issues. Total cash sales divided by cover price will yield quantity of counter sales.

Street Boxes - Obtain a site listing of street boxes and quantity of newspapers deposited at each box. The total quantity should correspond to the figures entered in these columns.

vii. Columns G & N: Other Paid/Other Controlled

The publisher must submit a list of who receives copies. Only one copy per person or company can be claimed. Additional copies must be claimed under Column O.



viii. Columns H & O: Electronic

Only replica electronic editions in portable document format (PDF) can be claimed. Subscriptions to both print and electronic editions are counted as one subscription. The publisher must submit a list of subscribers, their contact information and e-mail addresses. In the case of paid electronic subscriptions, further verification can be made by requesting proof of payment. Controlled electronic circulation can be further verified by requesting hard copies of written or e-mailed requests.

ix. Column R: Service and Sample Copies

Obtain a publisher's certification of unpaid house circulation. House circulation should only be 3% of the total circulation and must not exceed 200 copies. Sample and service copies exceeding these amounts should be explained in writing by the publisher and submitted to CCNA.

x. Column S: Total Distribution

The total distribution is the sum of Columns Q and R.

xi. Column T: Subscription Drives

The copies entered in this column are distributed through subscription drives or on a rotated or occasional basis, including copies distributed at community events, to potential subscribers, etc. These copies are not included in the six month average circulation.

xii. Column U: Press Run

A printer's invoice or Press Run certificate should be obtained for the selected issues. The quantity of papers printed should be compared against Column P - Total Distribution. Total distribution should normally be slightly lower than the Press Run, allowing for spoilage. Differences greater than 5% should be reported to the publisher and the publisher's reason for the higher press run recorded in the auditor's written report.



Other Checks

- i. Verify that all forms requiring the publisher's and/or circulation manager's and/or any other signatures have been signed. In particular, Form X must be signed by the publisher and circulation manager.
- ii. Check the numerical accuracy of the figures recorded on the forms by verifying accurate transfer of data between forms and verifying correct calculation of subtotals, totals, and averages.
- iii. Determine if the circulation count is plausible with census figures for the paper's distribution area.
- iv. Correct any material differences directly on Form X.
- v. Applicable to paid circulation only, for the sole purpose of verifying paid subscribers, an accountant has the right to make five phone calls to subscribers for the first 1000 circulation and one phone call for every 1000 subscribers after that. This will determine if subscribers are receiving their copies.
- vi. Certified and chartered accountants must provide a letter on their letterhead detailing the procedures used to conduct the audit. The procedures must be in accordance with the above guidelines. A sample letter can be downloaded from the CMCA website at www.circulationaudit.ca/download.

Upon completion of audit fieldwork:

- Refer to Section IV. Overview of the Audit Process for remaining steps.
- Submit Accountant's Letter, Form X, and Accountant's report to the CMCA office.
- Retain all backup documents for a period of one year.

Questions?

CMCA Program Coordinator

☎ 416-482-1090 ext. 323

✉ audit@ccna.ca

🌐 www.circulationaudit.ca

