



Circulation Audit Guidelines

For Publishers (Bhutan)

**Department of Information and Media, Ministry of Information and
Communications.**

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PREFACE

Circulation Audit is an important tool to verify actual circulation of a publication which carries advertisements. Advertising Agencies and print media Advertisers should use audited circulation data at all times whilst preparing their media plans.

Circulation audit is a specialised audit which verifies publisher's actual printing and distribution together with verification of publisher's books, records and documents pertaining to circulation. The circulation audit guidelines have been specially prepared for publications in Bhutan with technical expertise and guidance from Audit Bureau of Circulations, India.

A GUIDE TO ABC AUDIT

VARIOUS TERMS USED - BUREAU'S AUDIT GUIDELINES:

1. DEFINITIONS:

1.1 AUDIT:

Examination of publisher's as well as his principal agency/agencies (local or otherwise) distribution, and financial records and corroborative evidences in order to establish the level of circulation and to verify whether the publisher and his concerned principal agency/s has complied with all Bureau's audit guidelines from time to time.

1.2 AVERAGE:

Means average per day, per week as the case may be, of the relevant audit period.

1.3 BACK COPIES:

Any issue of a publication which is not a current issue. The current issue is defined as follows:

- a) Daily Publication - Day of the date of imprint only (In the case of evening Newspapers including copies despatched prior to the issue for the following date is published)
- b) Weekly - Upto the date of imprint of the next issue

1.4 DAILY NEWSPAPER:

A daily newspaper which is printed and published daily for atleast 5 working days in a week except approved holidays.

1.6 DISTRIBUTING TRADE:

A general term applied to agents, hawkers, principal agent (local or otherwise) and any other person engaged in distribution of a publication.

1.7 FREE COPIES:

Voucher, exchange and complimentary copies, and copies (if any) given to agents for onward free distribution for which records are available.

1.8 INSTITUTIONAL SALES:

Copies of newspapers (Dailies & Weeklies) which are either sold directly by the publisher and/or his distributing trade to organisations not connected with newspaper distribution trade provided bonafides of the organisation(s) involved in Institutional Sales are established to the satisfaction of the auditors (Unless Auditors have any evidence to the contrary).

Institutional Sales are accepted for certification only to the extent of 15% of Total Sales.

1.9 LOCAL AGENT:

An agent appointed by a publisher to effect distribution of copies within the town of publication or any of its printing centre.

1.10 PUBLICATION:

A piece of printed matter of regular periodic issue, selling at a prescribed price which may or may not carry advertising.

1.11 PUBLISHING DAY

A Publishing day is a day on which the publication is normally published whether as a regular issue or a special issue, and concurrently or separately in the case of a multi-centre publication. Special issues will be excluded only if they are IN ADDITION to the regular issue.

1.12 RETURNS:

Copies of publication remaining unsold out of copies indented as notified by agents and accepted by publishers and in case of additional copies supplied without agents' indents, all copies reported as unsold by agents whether or not such claims are accepted by publisher.

1.13 SINGLE COPY SALES:

All copies sold to the reader at the prescribed cover price.

1.14 SUBSCRIBER:

Purchaser of a publication on a term contract, whose subscription at the full prescribed rate has been received

1.15 TRADE TERM:

Commission and allowances etc. mutually agreed to between the publisher and the distributing trade and paid continuously and consistently.

2.0 MACHINE ROOM RETURN:

Machine room return is the record of actual printing as well as confirmation that newsprint issued to the press has been utilised for printing the publication as per the Print Order. It states the number of copies actually printed and sent for despatch.

Machine Room Return should normally contain the following details:

- i) Issue date with their respective print-runs (if any)
- ii) Number of pages for the respective issue
- iii) Time of receiving the plates
- iv) Start and finish time for each print run for respective editions/print runs
- vi) Number of spoils and make ready copy for each run
- vii) Number of good copies printed, for each run
- viii) Number of copies to be printed as per print order
- ix) Number of paper breaks with timings and time lost in each break
- x) Number of reel changes and time taken for change
- xi) Number of good copies sent for dispatch
- xii) Number of copies spoiled etc. on hand
- xiii) Remark column for any other information by foreman in charge

Machine Room Return states the actual performance of the machine / machines on a day to day basis and should be based on actual machine running timings and signed by the foreman or supervisor in charge of printing. In case of computerized Machine Room Returns, the source documents on the basis of which computerized record is generated should be maintained and made available for atleast one full previous audit period.

3.0 PRINT ORDER:

It is utmost essential that a print order duly signed by an authorized official of the publisher is available at the press before the start of the printing process. Any alteration / correction to the print order should be duly authorized.

The print order should contain the following information:-

- 1) Date of issue
- 2) Total number of pages – main paper + supplements + add-ons if any to be separately mentioned.
- 3) Total number of copies to be printed
- 5) Number of copies to be printed as per different print runs (details to be provided).

Auditors have been specifically intimated to verify the print order immediately before the starting of the printing process.

4.0 PUBLICATIONS PRINTED AT OUTSIDE PRESS:

Where a publication is printed at an outside press not owned by the publisher, printers' bills showing number of copies printed, the rate per form along with the terms and conditions laid down in the agreement between the publisher and third party printers should be maintained and produced for auditor's verification.

Where the printing press is an associate concern, or subsidiary company under the same Management or where proprietors/partners/directors of the printing unit, are also proprietors/partners/directors of the publication, printing records maintained by such printers shall also be made available for the auditors' verification.

Publisher shall arrange for verification of actual printing and distribution of copies as and when requested by auditors.

5. SUBSCRIPTION SALES:

5.1 SUBSCRIPTION OFFERS (Single) :

Following guidelines are required to be fulfilled in case of all single subscription offers:

- a. Publisher should retain atleast 10% of the cover price of the publication, after taking into account discount on cover price, value of gifts, delivery charges, etc.
- b. Subscription requisition / request in writing from the subscriber needs to be obtained by the publisher and / or his agent(s).
- d. Supply of subscription copies to a subscriber (excluding Government Organizations) to commence only after the subscription amount is received as above by a publisher and / or his agent(s) in full as per the subscription offer.
- e. Subscription copies supplied to the Government Organizations are exempted from collecting money in advance. Subscription amount maybe collected at the end of the subscription period.
- f. Valuation of a gift, branded or customised, to be valued at MRP or cost to the publisher plus 15% as applicable. Gift in the form of cash or cash equivalent is however excluded from the purview of gift.

Non-compliance of any of the above conditions will render the subscription offer as unacceptable for certification.

6. NON-SUBSCRIPTION SALES – includes Single, Institutional copies etc.

6.1. SINGLE COPY SALES:

All copies sold to the reader at the prescribed cover price.

7. COPIES DISTRIBUTED THRU DISTRIBUTION TRADE:

7.1 DISTRIBUTION COST:

An amount paid to the trade by whatever name called plus any additional incentives / benefit which is directly connected with selling / distribution of the newspaper paid to the trade, the same shall be totalled to arrive at the gross trade term payable to the trade for distributing copies.

An amount not connected with distribution of copies paid / reimbursed to the trade for which supportings are available may not be considered as part of the trade term.

The trade term should be calculated on the cover price of a publication.

Actual cost of transporting publications from the printing location to the distribution centres as per contractual arrangements made by the publisher do not form part of the delivery charges or trade term.

8. CIRCULATION AUDIT PERIOD

- All publishers are required to be circulation audited every six months.

The audit periods are:

| | |
|------------------------|-------------------------|
| Audit period | Audit period |
| January to June | July to December |

| | | |
|---|--------------------|----------------------|
| Submission date of circulation figures: | 1st to 31st August | 1st to 28th February |
|---|--------------------|----------------------|

9. OUTSTANDING / ADD BACK OF COPIES:

Whilst calculating the outstanding payment for copies supplied to agents at the end of the audit period as under have to be excluded.

- Local agents - outstanding for more than one month's supply
- Outstation agents – copies outstanding for more than three months supply

Copies which were outstanding for payment in the previous audit period and excluded but payments for which have been received in the immediate subsequent audit period **may be added back as Average Net Paid sales** for certification in the immediate subsequent period equally over the entire audit period of six months.

10. BANKING OF CASH COLLECTIONS:

Publishers are required to deposit into the bank on the same day or the next working day cash received from all sources viz. sale of copies, advertisement receipts and from any other source.

Cash required by the publisher for day-to-day disbursement should be separately withdrawn and not adjusted from the daily cash collection.

Auditor should verify this aspect and establish that actual cash received on all days has been deposited into the bank in full on the same day or next working day and such a transaction is not merely a book entry.

Monthly bank reconciliation statements should be up-to-date and available for Auditor's verification.

11. BOOKS AND RECORDS TO BE MAINTAINED BY A PUBLISHER:

A. GENERAL

1. Cash Book
2. General Ledger
3. Journal
4. Bank Statement
5. Bank Reconciliation Statement
6. Trial Balance
7. Cash Sale Records

B. PAPER PRINTING & DELIVERY

8. Print Orders
9. Machine Room Returns
10. Newsprint Stock Register
11. Newsprint Consumption Register
12. Newsprint Bills
13. Wastage Records
14. Dispatch / Distribution Summary

C. AGENTS

15. Agents' Invoice / Bill Register
16. Agents' Supply Register
17. Agents' Returns Register
18. Credit Note Register / Credit Notes
19. Agents' Ledger

D. SUBSCRIPTION

20. Subscription Scheme
21. Subscribers' form
22. Subscription amount receipts
23. Subscribers Register
24. Dispatch Records

Auditors should include any adverse observation on the scrutiny of the above books and records in their reports to be annexed alongwith six monthly audit report issued to the publisher.

11.1 Agents Confirmations:

Publishers are required to obtain from their principal agent, sub agents or by any other name called documentary evidence for number of copies supplied to them.

The said written evidence could either be: -

- i) Advance written indent / orders from agents in support of copies supplied to them.
- ii) Subsequent confirmation from agents in cases where advance indents are not available specifying the number of copies.
- iii) In absence of (i) and (ii), publisher should obtain monthly statements from agents duly stamped and signed showing number of copies received and those remaining unsold, payment received by either cash, cheque, or demand draft. In such cases, it is the publisher's responsibility to obtain the duplicate copy of the statement of account from the agent duly stamped and signed. This monthly statement of accounts duly accepted by the agents should be kept on record for auditor's verification.

11.2 Agents Remittances:

All remittances from agents specially by cash or demand drafts should be supported by documentary evidence such as payment advices, covering letter or statement of accounts. All remittances from agents should be checked with the books of accounts and bank statements.

In order to have an evidence for payment received in cash by publisher's representatives/field staff, a pay-in-slip or money receipt or any other document by whatever name called, duly filled by the agent/dealer detailing name of the agent, place, Bill No. amount paid should be obtained. Auditors may seek direct confirmations from agents if felt necessary.

11.3 Newsprint Purchases and Consumption:

In respect of newsprint purchases and / or loan of newsprint, publishers are required to maintain for Auditor's verification:

- Invoice from newsprint suppliers duly specifying the quantity, rate, amount
- If imported newsprint is used, then all documents pertaining to import of newsprint.
- Transporters bills for transport of newsprint.
- Lorry receipt, gate pass to authenticate receipt of newsprint.

11.4 Newsprint Stock Register:

- Newsprint stocks register should be maintained at all times clearly mentioning the date, quantity, make and / or other particulars of newsprint purchases together details of newsprint issued to the press from time to time.

- Loans of newsprint, if any, either received or given should be clearly specified alongwith details of debit and credit notes as applicable.
- Newsprint stocks register should be up-to-date at all time and available for auditor's verification.

12. Principal Agent:

An agent/distributor who would effect sales of atleast 2,000 copies would be recognized and termed as a principal agent.

The principal agent would be required to maintain and provide for auditors verification all relevant books and records pertaining to financial transactions and distribution of copies as prescribed for a publisher.