



December 1, 2013

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

Via email: [comments@pcaobus.org](mailto:comments@pcaobus.org)

**PCAOB Rulemaking Docket Matter No. 34**  
**PCAOB Release No. 2013-005 *Proposed Auditing Standards***

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Dear Secretary:

We appreciate the opportunity to submit our comments to the Public Company Accounting Oversight Board on the above-noted proposed standards. We support the PCAOB's goal of promoting informative, accurate, and independent audit reports.

Agrium is a global producer and distributor of agricultural nutrients, generating over \$15 billion in revenue annually. Listed on the Toronto and New York stock exchanges with a market capitalization of approximately \$US13 billion, we employ over 14,500 people globally.

In this letter, we provide comments on certain of the PCAOB's proposals. We have based our comments on our concepts of the purpose and deliverables of the audit reporting model. These concepts are that: a) auditor's reports should be transparent as to the nature of assurance, b) management, and not auditors, are the source for financial reporting information; and c) auditors should provide assurance only on financial statements, as prepared by management. In applying these concepts in evaluating the PCAOB's proposals, we are concerned that the proposals would be confusing to readers of financial reports and auditor's reports. Readers could misinterpret the source, meaning, and significance of the proposed information. We are also concerned that some of the proposals duplicate information already required in financial reporting. Finally, we believe that the proposals will increase the cost of the audit without providing benefits, and without supporting the PCAOB's goals.

We provide below answers to selected questions from Appendix 5 and 6 of the release.

*Appendix 5*

*5. The proposed auditor reporting standard would require the auditor to include in the auditor's report a statement containing the year the auditor began serving consecutively as the company's auditor.*

*a) Would information regarding auditor tenure in the auditor's report be useful to investors and other financial statement users? Why or why not? What other benefits, disadvantages, or unintended consequences, if any, are associated with including such information in the auditor's report?*

We accept the belief, as expressed by members of the Board of Directors of the PCAOB, that there is no demonstrated correlation between audit tenure and audit quality. Accordingly, we do not believe that audit tenure is useful to investors and other financial statement users. We agree with the possible misconception expressed in the release by the PCAOB that audit tenure could unduly be perceived as affecting auditor independence. Accordingly we are strongly against the inclusion of this information.

Further, we meet with shareholders, potential investors and other stakeholders on a regular basis and we have not noted that the subject of auditor tenure is important to them. Investors that consider this information necessary to forming judgments about the relationship between an auditor and financial statement preparer can determine tenure on their own account through available public information.

*b) Are there any additional challenges the auditor might face in determining or reporting the year the auditor began serving consecutively as the company's auditor?*

We expect that companies with corporate histories that include mergers and acquisitions will face challenges in determining and reporting this information. Audit firms also have histories of mergers, which could complicate determination and presentation of this information.

*c) Is information regarding auditor tenure more likely to be useful to investors and other financial statement users if included in the auditor's report in addition to EDGAR and other sources? Why or why not?*

We do not believe that this information provides any additional useful information to financial statement users. Further, we believe that information such as auditor tenure could distract the attention of readers of the auditor's report from the substance of the report.

*11. What benefits or unintended consequences would be associated with the auditor's communication of critical audit matters?*

Potential unintended consequences with communication of critical audit matters are:

#### *Investor confusion*

IFRS and U.S. GAAP currently require disclosure of critical accounting judgments and estimates in financial reporting. We believe that investors will be confused by further discussion of critical matters in the auditor's report.

Our regular interactions with our shareholders, financial statement analysts, creditors and other financial statement users have led us to believe that investors review the auditor's report to confirm that the financial statements have received a clean audit opinion. Investors may draw unwarranted inferences on the quality of the content of the financial statements from the inclusion of critical audit matters in the auditor's report.

### *Impact on the relationship of financial statement preparers with auditors*

We believe that some preparers could become less forthcoming in discussing subjective or complex matters with auditors in an attempt to avoid disclosure of critical audit matters. This would impair existing relationships between auditors and their clients. Resulting impacts could be an increase in the amount of time necessary to complete the audit, and a decrease in materiality levels. Both of these impacts would increase audit costs.

### *Auditor pressure*

To provide an impression of audit quality, auditors may perceive an obligation to report critical audit matters, regardless of audit complexity. Because the language in the standard defining critical audit matters is vague, i.e. matters which “involved the most difficult, subjective, or complex auditor judgments,” we believe excessive latitude for interpretation of the standard exists. Accordingly, otherwise routine audit matters might be reported unnecessarily as critical audit matters.

### *Potential for litigation*

We believe that the risk of litigation arising from inclusion of critical audit matters in the auditor’s report could cause tension between auditors, management and the audit committee. We do not expect benefits would justify this risk.

### *Appendix 6*

*2. Is it appropriate to apply the proposed other information standard to information incorporated by reference? Why or why not? Are there additional costs or practical issues with including information incorporated by reference in the scope of the proposed other information standard? If so, what are they?*

We do not believe it is appropriate to apply the proposed other information standard to information incorporated by reference. We expect significant unintended consequences with this proposal, outlined below:

### *Role of the auditor*

In requiring that auditors opine on information other than the financial statements, the proposals introduce confusion as to the role of the auditor. Auditors currently audit financial statements; investors may assume that audit-level assurance applies unduly to the other information.

### *Additional costs*

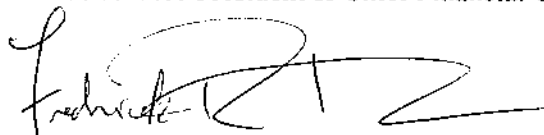
Requiring an auditor to expand their audit report to evaluate and comment on other information will add substantially to audit costs.

In conclusion, although we support the Board’s goal to provide more useful information in the auditor’s report and make the audit and auditor’s report more relevant to investors, we feel the proposed amendments have significant unintended consequences which could have the opposite effect. We urge the PCAOB to consider our comments. We are encouraged by the news of a potential roundtable in early 2014 to address concerns of both auditors and preparers of financial statements.

Sincerely,

A handwritten signature in black ink, appearing to read "S.D.", written in a cursive style.

Stephen Dyer  
Executive Vice President & Chief Financial Officer

A handwritten signature in black ink, appearing to read "Fredrick R. Thun", written in a cursive style.

Fredrick R. Thun  
Vice President & Corporate Controller