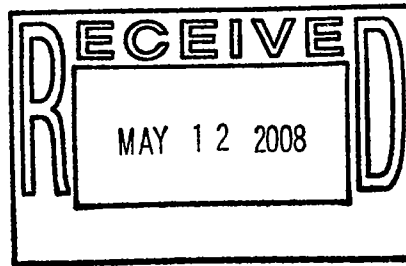


Rayonier

Corporate Headquarters

Hans E. Vanden Noort
Senior Vice President and
Chief Financial Officer

May 8, 2008



Office of the Secretary
PCAOB
1666 K Street NW
Washington, DC 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 25

We appreciate the opportunity to provide our comments on the Public Company Accounting Oversight Board ("PCAOB") proposed auditing standard, *Engagement Quality Review* ("proposed standard").

We recognize the importance of an objective "second look" as a key element in ensuring audit quality. We also understand that PCAOB inspections have identified deficiencies in engagement quality reviews, and that obtaining cost-effective reviews has been challenging for some smaller registered public accounting firms. The PCAOB's Release indicates that the proposed standard aims to address these issues while avoiding unnecessary costs. However, we are concerned that certain provisions of the proposed standards would substantially increase audit costs without promoting better audit quality.

In our view, the current interim engagement quality review standards, based on the AICPA SEC Practice Section requirements for concurring reviews, are largely adequate. The larger registered public accounting firms already are performing most of the engagement quality review procedures included in the proposed standard by appropriately applying existing standards. Some of the proposed requirements in paragraphs 9 and 10 could be interpreted to require the engagement quality reviewer to re-perform detailed workpaper review and search for "missed risks" in the workpapers rather than objectively evaluate the quality of the engagement team's judgments on higher-risk areas, adequacy of procedures performed, documentation of key issues, and conclusions reached.

In addition, the "should know" threshold in paragraph 10 is open-ended regarding the quality reviewer's responsibilities to assess whether the engagement team failed to obtain sufficient, competent audit evidence in accordance with PCAOB standards. To avoid second guessing, many quality reviewers at the audit firms would likely interpret "should know" in the most restrictive way, and spend inordinate time on the review, adversely impacting public companies' audit fees. We believe this tendency for the firms to "practice defensive medicine" in costly and unintended ways was evident in the large accounting firms' approach to Section 404 testing under AS No. 2, prior to the clarified risk-based approach of AS No. 5. The firms' defensive interpretation of very prescriptive and open-ended audit rulemaking in that instance detracted from the very risk-based approach that the PCAOB intended.

Our concern extends to the more prescriptive requirements for documenting the engagement quality review in paragraph 14, items c. and e. (documenting the procedures performed by the reviewer and the results of the review). If interpreted to require extensive documentation along the lines of AS No. 3, this proposed requirement could add substantial time and cost to a review. We could envision a reviewer spending excessive time documenting all of his or her thoughts on the review and repeating matters included elsewhere in the workpapers. Reviewer time would be better spent in substantive discussions with the engagement team and objectively reviewing higher-risk issues. The reviewer should efficiently document the date of the review, key results and conclusions, and whether he or she concurred with issuance. The reviewer should be permitted judgment as to how much documentation is necessary, depending upon the risks and issues encountered.

Finally, we are troubled by the proposed standard's provisions to extend full engagement quality reviews to review engagements, attestation engagements and other engagements beyond audits of registrants' financial statements. The larger firms are already performing timely engagement reviews for quarterly Form 10-Q filings. We do not believe the additional costs of formal quality control reviews should be mandated for other engagements. The larger firms already have incentive and risk management protocols to address the needs for quality reviews on other engagements. Let the inspection process address those firms that have inadequate procedures rather than impose more costly standards across the board.

We understand that the PCAOB may need to issue a new engagement quality review standard to move beyond the current interim standards, to address the particular practice and resource issues of smaller firms, and to clarify expectations. However, we truly hope that any new standard recognizes the general adequacy of the existing standards for the larger firms, and avoids new provisions that will inevitably increase audit fees without a substantial improvement in audit quality. We feel that the feedback from the inspection process and ongoing PCAOB guidance to the firms would be the most cost effective way to address specific concerns about engagement quality reviews.

If you have any comments, please do not hesitate to contact me at (904) 357-9134.

Sincerely,



Hans E. Vanden Noort
Senior Vice President and
Chief Financial Officer