Taubman

September 6, 2006

Attn: Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: "Concept Release Concerning Management's Reports on Internal Control Over Financial Reporting" File Number S7-11-06

Ladies and Gentlemen:

Taubman Centers, Inc. appreciates the opportunity to comment on the above-referenced Concept Release. Taubman Centers, Inc. is a publicly traded real estate investment trust that is engaged in the ownership, development, acquisition, and operation of regional shopping centers and interests therein. We currently own and/or manage 23 shopping centers in 11 states and have an additional center under construction. Taubman Centers, Inc. is classified as a large accelerated filer and is in its third year of complying with Section 404 of the Sarbanes-Oxley Act. In responding to this Concept Release, we have addressed those topics and areas that we have either encountered difficulties with in our own practice and/or that we believe further guidance is more urgently needed.

Overall

We agree with the general conclusion that there is a need for additional guidance for management in regards to identifying risks and controls, conducting its evaluation, and documenting its assessment. While the Staff's May 16, 2005 *Statement on Management's Report on Internal Control over Financial Reporting* provided thoughtful and helpful guidance, including its sound statement of purpose of internal controls over financial reporting and calls for risk-based approaches to compliance, management is still often left with a need to analogize to PCAOB's Auditing Standard No. 2 (AS 2) when making more detailed and practical process decisions. In that regard, AS 2 remains a de facto standard for management. We assume that the Staff's May 2005 Guidance would be incorporated into or its principles referred to by any new guidance.

We favor principles-based guidance supplemented with interpretive examples and cases. We do not expect or require strict rule-based guidance; we are comfortable with the broad necessity for management to make significant judgments in its compliance decisions, and the introduction of inflexible "one size fits all" rules is not requested or desired at this date. In practice, we have found real life examples and cases such those employed by the

Staff in its Staff Accounting Bulletin No. 101 to be useful in articulating practical applications of principled guidance.

As to the outside auditors' attestation role, the "three-opinion" approach (covering the financial statements, management's assessment process, and internal controls over financial reporting) contained in two required reports still seems to be inconsistent with the concept of an integrated audit. We will not presume to know the true value investors place on the current approach, but believe that the overall purpose of internal control over financial reporting of fostering preparation of reliable financial information would not be undercut by a more streamlined attestation report.

Risk and Control Identification

We firmly believe that more thorough guidance on entity-level controls and their impact on management's control identification and evaluation processes is necessary. Currently, the overall entity-level control environment and general information technology (IT) controls reside in silos. While the benefits and necessities of strong entity-level controls are obvious, once their overall effectiveness is confirmed, they generally have had no direct bearing on the remainder of our control identification process and management's evaluation. This is primarily a result of an evaluation process built on analogies to AS 2. That is, designing, identifying, and evaluating controls using precisions based on AS 2's definitions of consequentiality and significance make it inherently difficult to factor in the more imprecise and indirect impact of entity-level controls. We would welcome further guidance on how elements of our control environment, including robust ethics policies, strong GAAP, tax, and other specialty technical expertise, the functioning of the audit committee, and well-designed general IT controls, could more directly influence the nature, timing, and extent of management's control identification and evaluation process.

Additional guidance benefiting the goal of a truly "top-down, risk-based" approach would include more discussion of the qualitative factors that can influence the assessment of risks and the need to identify controls, including likelihood of error, subjectivity of accounting alternatives, involvement of estimates, risk of fraud, and management's cumulative knowledge and experience. In other words, such guidance should formally incorporate the concepts that management may be currently informally using when identifying a control as "key". Again, analogies to AS 2 and its precision levels continue to encourage the need for emphasizing certain lower-level and transactional level controls; reinforcement through interpretation of "key" controls and the concept of "reasonable assurance" would further management's ability to create a truly top-down, risk-based approach.

Private sector guidance, including the AIPCA guidance referred to in the Concept Release, has been helpful in assessing risks and controls that may help prevent or deter fraud. In that regard, at this point, guidance that would be more beneficial may instead address the interaction of fraud risk and a top-down, risk-based approach to compliance.

Currently, analogies to AS 2 and its presumption that deficiencies in antifraud controls are “significant” currently places heightened importance on controls that might not otherwise be considered significant in a truly risk-based approach.

Management’s Evaluation

As mentioned above, management’s evaluation typically has not been directly impacted by the successful functioning of a well-designed control environment and other entity-wide controls. We would welcome any evaluation model for management that would more directly correlate a reduction of account-level testing procedures to the effectiveness of the types of entity-wide controls mentioned earlier.

Any practical guidance on management’s evaluation model as a whole would most likely be beneficial, including the timing of testing and updating thereof mentioned in the Concept Release. Note that at this point in time, our evaluation process has primarily been created through attempts at mimicking the assurance models developed and used by audit firms for their own purposes. In that regard, many decisions as to the nature, timing, and extent of its evaluation, including statistical sampling methods, assurance levels, and effects of previous errors, continue to be made through analogy to our own understanding of the audit profession’s guidance. The effects of anecdotal evidence of control ineffectiveness, previous deficiencies for which evidence of successful remediation has yet to be obtained, and deficiencies in controls with only indirect relationships to financial reporting are all inherently difficult to evaluate with our current assurance model.

As specifically called out in the Concept Release, deficiencies in controls with only indirect relationships to financial reporting are indeed the most difficult to evaluate, making additional guidance potentially very helpful. Currently, management must simply make the best qualitative judgment it can as to the likelihood of scenarios involving such controls that would translate to financial statement errors. Needless to say, the process of evaluating deficiencies in controls such as those primarily designed to safeguard assets (e.g. physical protection of blank check stock) or contribute to a sound IT environment (e.g. backing up of data) and assigning probabilities of misstatement and potential monetary exposure is highly judgmental.

In regards to the Concept Release’s question as to the need for additional guidance on the term “significant deficiency”, the “more than remote” probability and “more than inconsequential” exposure-based AS 2 definitions are seemingly clear at this date. We simply want to comment that application of these narrow and low thresholds continues to encourage management’s risk and evaluation processes to focus on items that it might not otherwise focus on if it were applying a risk-based approach and was only being guided by the Staff’s May 2005 Guidance as to the concepts of materiality and reasonable assurance.

Documentation to Support the Assessment

We are comfortable with the fact that there will always be significant judgment required as to what constitutes "books and records," including those related to administration and evaluation of an internal control system. We generally apply such judgment by increasing the level of documentation surrounding "key" controls, considering all the factors that go into making the decisions of classifying controls as such. However, we must acknowledge that the administration and evaluation of an internal control system has created a much larger body of documentation than was ever necessary in the past. This body of documentation includes both formal documentation (e.g. the evidence of management's identification and assessment process) and informal documentation (e.g. demonstration of the performance of controls, including meeting minutes, document versioning, and personal notes). Guidance that formalizes the form, nature, and extent of documentation that must be maintained by management would indeed be welcomed, not only for purposes of facilitating adequate evidence of management's evaluation, but to allow for sound corporate record retention policies to be applied.

Thank you for this opportunity to submit our comments regarding the Securities and Exchange Commission's Concept Release Concerning Management's Reports on Internal Control Over Financial Reporting.

Sincerely yours,

/s/ Esther R. Blum
Esther R. Blum
Senior Vice President, Controller, and Chief Accounting Officer

/s/ David A. Wolff
David A. Wolff
Director, Accounting Standards and Compliance