**Parmalat is a multinational Italian dairy and food corporation. Most of its productions are sold under a variety of names in different countries. Well-known names in North America include Archway and Mother’s cookies, Olivina margarine, Black Diamond and Balderson’s cheeses, and Astro yogurt.**

**Having become the leading global company in the production of ultra-high temperature (UHT) milk, the company collapsed in 2003 with a €14 billion ($20bn; £13bn) hole in its accounts in what remains Europe's biggest bankruptcy.**

**The question is where did the billions go? Well the CEO Calisto Tanzi confessed to misappropriating close to a billion dollars and diverting the funds to cover losses in other family owned businesses.**

**How did the CEO operate it? The key is lack of segregation of duties. The managers, who were making the accounting decisions, were also posting the journals to the general ledger. Same people were reviewing and signing off on the reconciliations and reporting. There was restricted information available to the CFO as he did not have access to the records.**

**There was a lack of independent monitoring at Parmalat. The boards were not truly independent and not truly vigilant. The Audit and Remuneration Committee was not separate to challenge and review the ongoing operations of executives and management.**