The United Kingdom has a long history of independent external audit of its public sector. The external audit legislation for local government and health bodies is supplemented by a Code of Audit Practice approved by Parliament every five years.

The Audit Commission is the regulator and standard-setter for external audit in these areas and its Operations Directorate, which undertakes around 70% of the audits, is now one of the largest public audit bodies in Europe. In the mid-1990’s, the Audit Commission recognised the need to increase the focus given to the auditor’s responsibility under the Code, to ensure good standards of conduct and to assess and improve arrangements in audited bodies to counter and detect fraud and corruption. The objective included researching the national situation, identifying current and emerging risks, developing solutions and raising the standard and consistency of audits.

A key feature of the response to improving our audits, as well as the arrangements of the organisations we audit, was the creation of a Good Conduct and Counter Fraud Network, within the Audit Commission, which was charged with:

- carrying out research at a local and national level;
- training and supporting staff and creating champions;
- producing manuals and guides for auditors;
- developing products and responses to help meet key risks;
- enhancing IT skills and capabilities;
- fighting fraud via data-matching;
- creating effective two-way internal communications with auditors;
- learning through sharing experiences with other private and public sector agencies;
- recognising the views and concerns of citizens.

Although we recognise that there is still much that we can do, we have been able to identify many successes, including:

- auditors recognised as agents to assist change in organisations;
- frauds detected by data-matching exceed £150m;
- Audit Commission staff sought for advice and assistance in governance issues;
- requests to share experiences with other countries;
- auditors better equipped to deal with governance and corruption issues;
- increased numbers of high-profile governance issues uncovered by auditors;
- effective partnerships with other agencies;
- wide recognition of the quality of guides and audit tools.

The paper will provide further details of the above, as well as examples of some of the work that we have done recently to share our experiences with a number of Eastern European countries.