Assurance of cost data

Costing Extension (formally CP6)

Contents

Assurance of cost data

Purpose: To ensure providers develop and maintain high quality assurance for costing and collection purposes.

Objective

1. To provide assurance that:
   - providers have implemented the standards and collections guidance properly using the costing principles where appropriate.
   - providers are maintaining a clear audit trail
   - processes are adequate to validate the accuracy of submitted data in line with the *Approved Costing Guidance*
   - information governance protocols are followed
   - patient pathways and cost data have been clinically reviewed.[1]

Scope

2. This document relates to all costing processes and outputs produced by the provider.

What you need to implement this standard

- The costing principles[2]
- Integrated costing assurance log (ICAL) workbook[3]
- Costing assessment tool (CAT)[4]

[1] Later versions of the standards will require clinical review but having taken feedback we recognise that for now developing these review processes should be the goal.
[2] See *The costing principles,* https://www.england.nhs.uk/approved-costing-guidance/
[3] These tools/templates are available on our website.
[4] Acute, ambulance and mental health sector-specific versions are available on our website. Community services may use the acute version for reference until a sector-specific one is available.

- Data validation tool (DVT)
- Data quality management report
- Access to the national PLICS portal

Overview

3. There are several ways to provide assurance on the costing and collection process, including:
   - formal audit of process and submission by the provider's internal and external auditors
   - evidence demonstrating:
     - compliance with the Approved Costing Guidance
     - process management using the integrated costing assurance log (ICAL)
     - users' review of cost data
     - minutes of regular user/working group meetings
     - use of the cost information to support decision-making[5].

4. The assurance process should be an integral part of producing cost information. Producing an audit trail, covering assumptions, decisions and reviews should be part of the process. This will enable your organisation to show both internal and external users that it has adequate processes for ensuring the accuracy of cost information.

5. Many stakeholders require assurance that the PLICS data is appropriate. They are:
   - the executive team for its strategic decision-making
   - clinicians/healthcare professionals and their operational managers when analysing activities and clinical procedures
   - external stakeholders, who may make varied uses of the information.

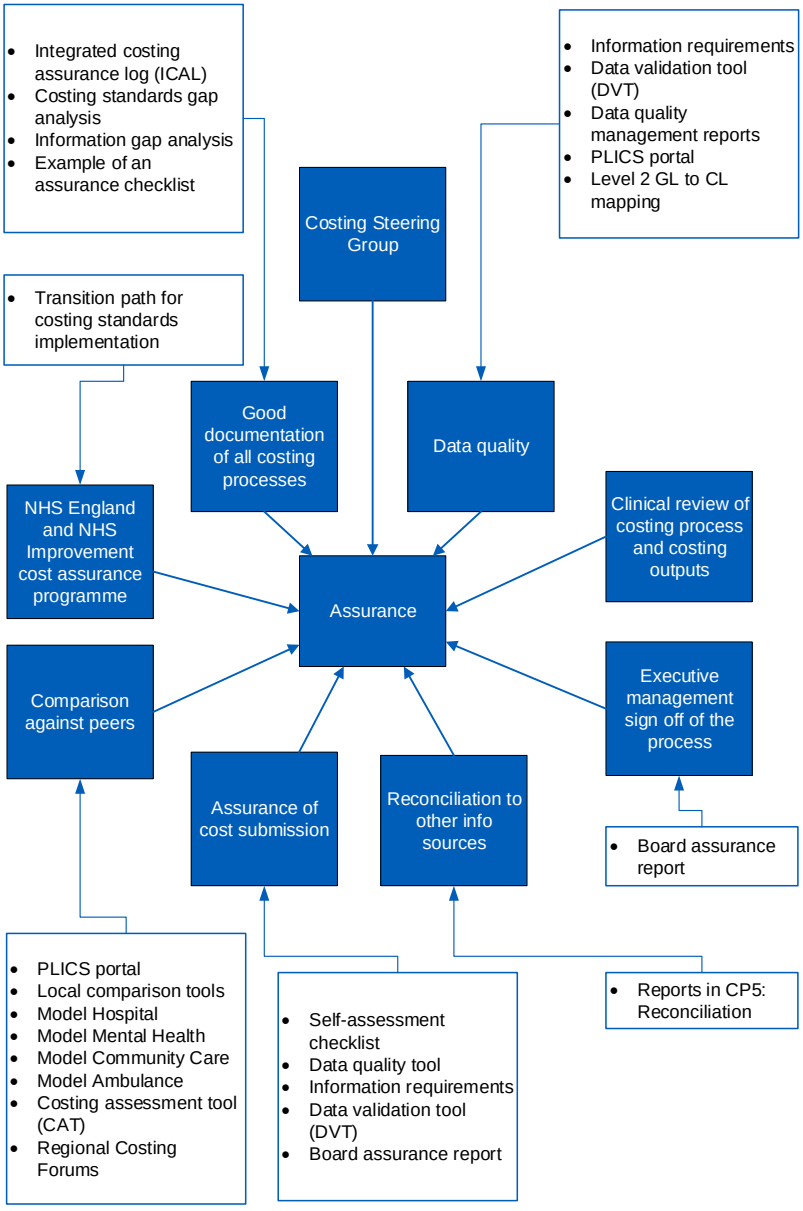
6. The level of evidence should be sufficient to support the reason for making the change. It will also allow updates and changes to the costing processes and can be linked to the ICAL worksheet 18: Decision audit trail, to show why processes have been changed. This will support the assurance process for the board when submitting the costing submission. It can also help identify areas

[5] See costing extension IR3: Use of patient-level information.

where costing needs to be improved, based on recommendations from findings that could not be completed in time for the submission.

7. We provide tools to help you develop and maintain an assurance process that will promote continued improvement. Figure CP6.1 shows examples of these.

Figure CP6.1: Assurance tools



Approach

Documenting costing processes

8. You should use our tools to document your organisation's costing processes.[6] In particular:

   - The **ICAL** helps document compliance with the standards. You can use it to record where you have made local adjustments and the reasons for them. It will also ensure your organisation retains costing knowledge and expertise when costing practitioners change.
   - The **CAT** helps providers understand and record their progress in implementing the standards. It will help you focus your attention on areas to develop and improve based on their materiality.
   - **Spreadsheet: Transition path** describes a time-based plan for implementing the standards.
   - The **Model Heath System**[7] has useful information for reviewing cost data.

9. The benefits of documentation are:

   - being able to show the assumptions and source data to end users, which improves output(s) credibility and increase confidence in their usefulness
   - facilitation of reconciliation, assurance and evidence generation of the management of the overall process
   - understandable assumptions that can more easily be challenged, leading to improvements in the costing process.

Assurance on the quality of costing processes and outputs

10. We expect providers to ensure costing is included in internal and external audits as it will provide assurance on the accuracy of cost data for internal and external users.

11. National reviews of the quality of the data submitted will be scheduled periodically – this is known as the costing assurance programme.

[6] See tools/templates to help implement the standards: https://www.england.nhs.uk/approved-costing-guidance/

[7] https://improvement.nhs.uk/resources/model-hospital/

12. Cost information must be linked to the organisation's ongoing management, so it continues to accurately reflect the services being delivered.

13. To do this, cost information should be owned by senior managers and clinicians. The finance function needs engagement from across the organisation if it is to provide meaningful support.

14. The more services use cost information, the more they will understand the cost data, how it has been calculated and be able to contribute to improvements.

15. In doing so, confidence in the cost information for their service will increase and enable its use for the transformation of care.

Local costing steering group[8]

16. To assure the information held within and extracted from PLICS, the organisation should form a 'costing steering group' with executive and clinical membership. Ideally, the chair will be a clinician.

17. Such a group's overall purpose is to provide assurance of the quality of cost information and support improvement where necessary; and oversee, provide ideas for, encourage, and evaluate the use and understanding of costing information in the organisation.[9]

18. It can achieve this by:
    - reviewing cost information and the cost submission
    - reviewing the quality and coverage of the underlying data
    - reviewing existing costing processes
    - agreeing priorities for reviewing and developing the system.

19. To assist with this, the group should be supported by members from:
    - IT (technical services)

[8] During the implementation phase, you may wish to focus on specific topics with members of the group rotating into the meeting dependant on the topic in focus. You would then create a more diverse agenda once you have completed your transition to PLICS and it is embedded in your organisation as business as usual.
[9] See also costing extension IR3: Use of patient-level information.

- informatics (information services)[10]
- clinical coding (if relevant)
- finance
- service managers
- other care providers including senior nursing
- E&T lead
- a clinical champion (any discipline).

20. This type of review should be part of a rolling programme rather than a one-off as part of a national mandated collection.

21. The group may be required to report to existing trust groups to fit local arrangements. For example, the costing steering group may be required to report on the national cost collection to the audit and assurance committee.

Regular assurance processes

22. You should have a rolling programme for reviewing the costing processes and outputs to provide assurance that the costing information is sufficiently accurate for its intended use[11].

23. You should work with clinicians, other healthcare providers and service managers so you can:

    - understand all the resources and activities involved in delivering patient care
    - understand the information sources available to support costing
    - identify the expected costs associated with that care
    - ensure all information is reflected in the costing processes within your costing system.

24. Effective engagement between an organisation's board and its costing team is a prerequisite for improving and making better use of patient-level cost information. Boards have an important role in securing greater engagement between clinical and costing staff.

[10] IT technical services and information services may form one department or be separate. Regardless, both should be appropriately represented as they are critical to PLICS.
[11] Applying costing principle of materiality to focus efforts.

Assurance on information governance

25. You should ensure local and national information governance protocols are followed for patient-level data within PLICS data feeds, processing, and outputs. Work with the trust information governance lead and informatics to gain sign off from both, to provide assurance to the costing user group.

Assurance on the quality of the cost submission[12]

26. We provide tools to help you with the quality of your cost submission. These include:

    - **The self-assessment checklist[13]** ensures providers are reviewing their data quality and including executive review and sign-off, and minimum expected quality checks.
    - **The PLICS data quality tool** (Tableau) is accessed via NHS Improvement's single sign-in website. It reviews the submitted cost data, quickly identifying quality issues, and informs providers if resubmission is required. Providers will receive a quality/index report to help inform their costing and data investigation. It also enables providers to review their costs with peers.
    - **The data validation tool (DVT)** comprises mandatory validations as part of the collection process that indicate whether the submission will fail based on the field and values formatting requirements for uploading the data.

Comparison with peers

27. Acute providers that have submitted PLICS data can access the national PLICS portal via NHS Improvement's single sign-on website.

28. The PLICS portal enables them to review their submitted data and anonymously compare their outputs with those of their peers. In this way a provider can identify its outlying areas and focus on reviewing the activity and costing for these. The PLICS portal provides reports on where providers can

[12] Information on these tools and where to find them is given in the *Approved Costing Guidance*: https://www.england.nhs.uk/approved-costing-guidance/ or by emailing costing@improvement.nhs.uk

[13] https://www.openlearning.com/nhs/courses/costing-improvement/costing_assurance_checklist/

improve their costing and assurance of their data. It also identifies potential productivity opportunities and other metrics such as the weighted average unit.

29. The DVT provides a baseline analysis of warnings that give assurance that the data input by all providers submitting data is comparable and subject to the same validations. The work that follows the warnings generated by the DVT will give additional assurance that providers have investigated and corrected their data to best fit the expected costs of the submission and those of their peers.

30. The CAT provides a dashboard that allows comparison of CAT scores against those of your peers.

31. You should have a rolling programme of local exercises to regularly compare your organisation's costs with those of your peers.

Costing assurance programme[14]

32. The aim of the assurance process is to provide evidence of the work undertaken and the reasoning behind the decisions made. As such, the audit trail, evidence of data flows, discussions and meetings, discussions with clinicians, etc should be maintained but not be an end in itself. The ICAL should be populated as a central location for evidence, or for signposting to where the evidence is stored.

33. Providing evidence for an external assurance audit should not be the main purpose of collecting this information.

34. The evidence provided should also be in harmony with the costing principles.[15]

35. As part of the costing assurance project we recommend your organisation has a clear and robust plan for costing, so priorities and achievements can be easily communicated.[16]

[14] See *The Approved Costing Guidance 2020– what you need to know and what you need to do* for details of the costing assurance programme: https://www.england.nhs.uk/approved-costing-guidance/

[15] See *The costing principles:* https://www.england.nhs.uk/approved-costing-guidance/

[16] Example project plans and an assurance checklist are available on the Online Learning Platform at https://www.openlearning.com/nhs/courses/costing-improvement/homepage/

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