Enterprise Risk Management Framework (ERMF)
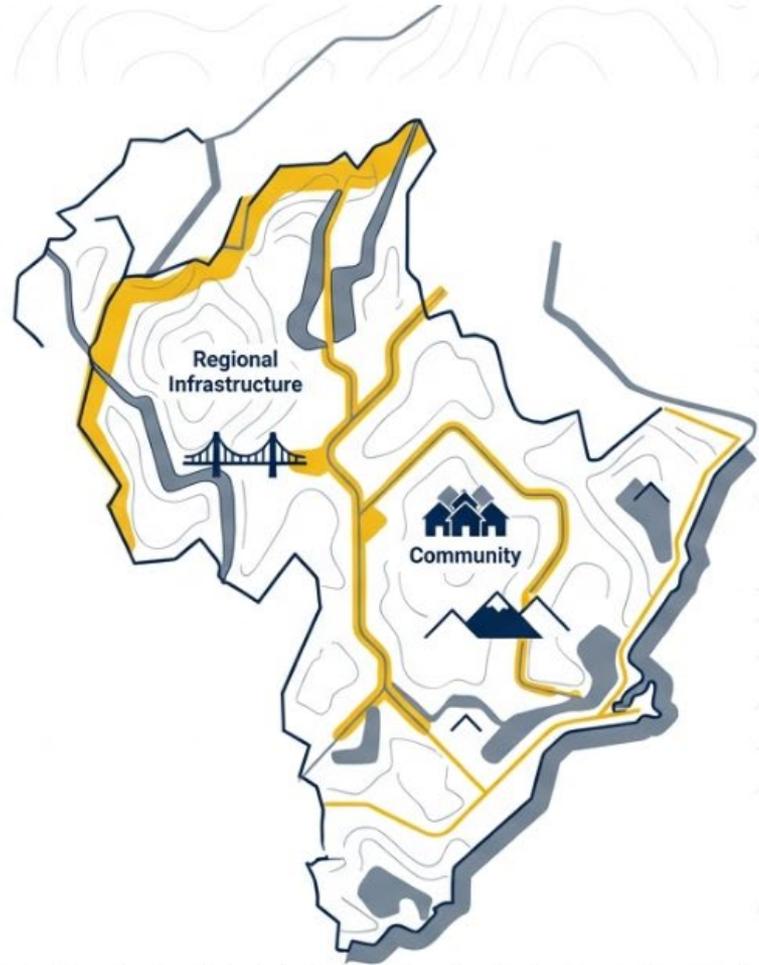
Why the ERMF matters

The Challenge

Decisions at ORC impact community wellbeing, regional infrastructure, and public trust. We need clarity on how we identify, assess, track, and manage risks consistently to ensure they remain within acceptable thresholds.
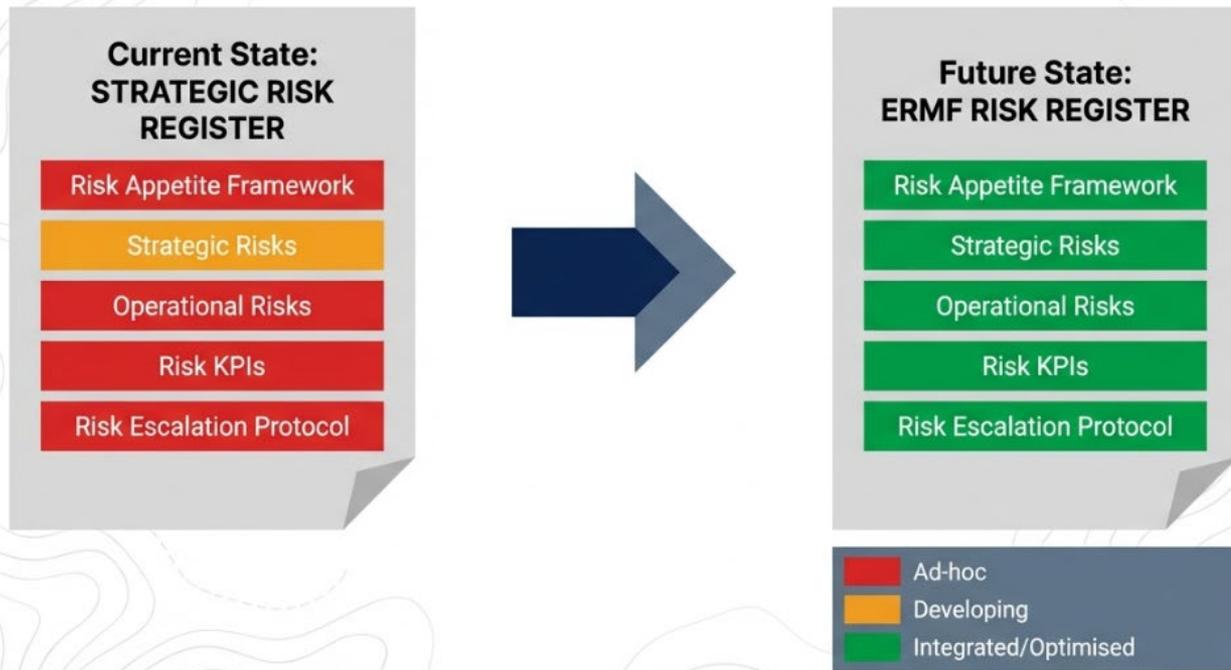
Beyond Compliance

Moving from meeting obligations to ensuring regional resilience and confidence.

Business Clarity

Aligning risk management with strategic objectives and the Long-Term Plan.

From Current State to Future State

Current State:
STRATEGIC RISK REGISTER

- Risk Appetite Framework
- Strategic Risks
- Operational Risks
- Risk KPIs
- Risk Escalation Protocol

Future State:
ERMF RISK REGISTER

- Risk Appetite Framework
- Strategic Risks
- Operational Risks
- Risk KPIs
- Risk Escalation Protocol

Legend:
- Ad-hoc
- Developing
- Integrated/Optimised

These activities provide a strong platform that will be progressively built out into a more formalised and integrated framework, including the development of risk appetite statements, risk and control self assessment cycles, and structured assurance reviews.

Significant foundational risk work has already been undertaken across ORC. This includes the development of a Strategic Risk Register, completion of deep-dive risk reviews across business areas, and the establishment of key risk-related policies supported by risk impact matrices.

Maturity Uplift Approach

Completed Work

Collated past risk work (registers, deep dives) and benchmarked maturity.

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Developed the Enterprise Risk Management Framework (1-5 year horizon).

Upcoming Work

Phase 1 & 2: Embed the Enterprise Risk Management Framework and develop the Risk Appetite Framework.

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Phase 3: Implement Risk & Control Self Assessments to provide targeted assurance.

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Phase 4: Continuous improvement of reporting to Executive Leadership Team and Audit & Risk Sub-Committee.

Governance: Three Lines of Defence

Clear roles ensure independence and robust decision-making.

First Line: Business Operations

Owns and manages risks day-to-day. Identifies issues, assesses, and escalates.

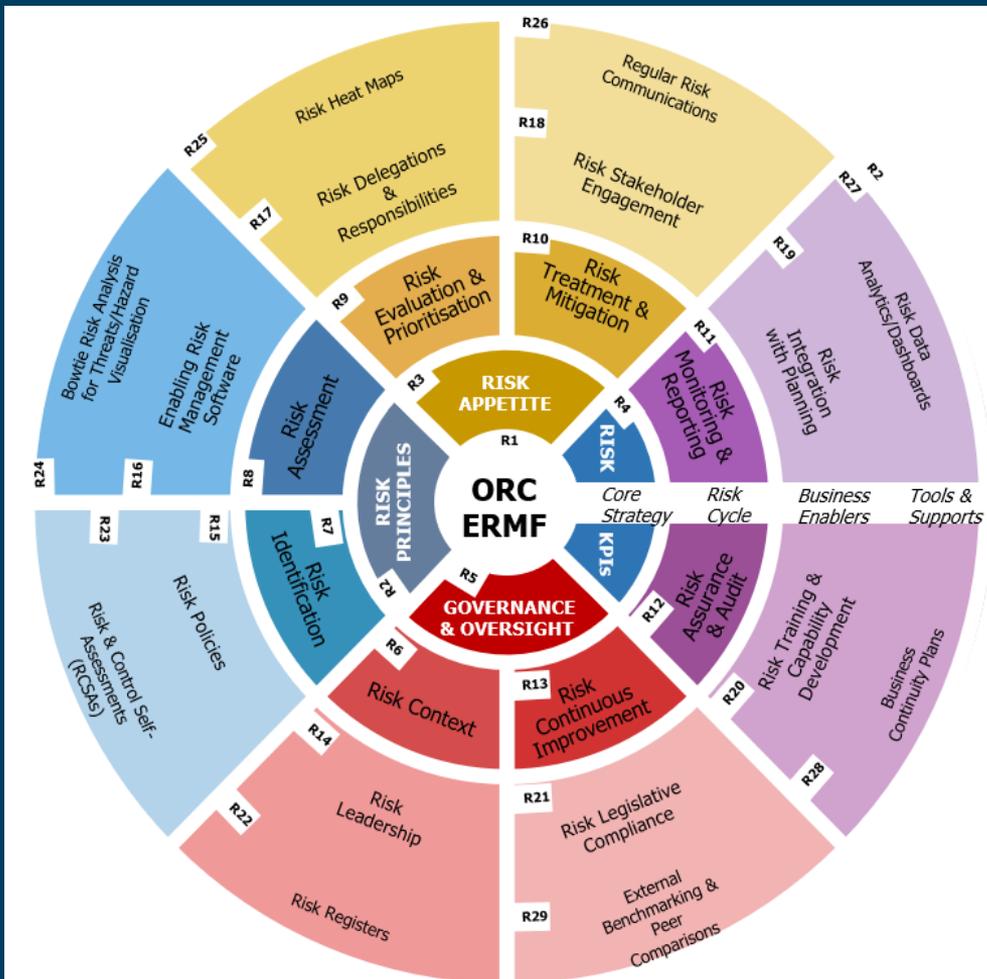**Who:** All staff, managers & ELT.

Second Line: Risk Function

Oversees, advises, and challenges. Develops frameworks, monitors trends, reports to ARC.

Who: Risk function, Health & Safety oversight, Policy/QA functions.

Third Line: Independent Assurance

Provides independent governance, objective assurance, review, and validation.

Who: Internal Audit, External Audit, ARC.

The ERMF Model :

Governance provides oversight of the Core (R1) and together with ELT sets the Strategy (R2-R5). This direction and setting of risk appetite and thresholds, shapes how risk is understood and acted upon across all levels of ORC.

Core (R1)	• Leading enterprise risk management framework.
Strategy (R2-R5)	• Principles, Appetite, KPIs, Governance.
Lifecycle (R6-R13)	• Identify, assess, treat, monitor, improve.
Enablers (R14-R21)	• Leadership, policies, technology, training.
Tools (R22-R29)	• Registers, RCSAs, heat maps, dashboards.

Next Steps

1. **Adoption**
Formal adoption of the Enterprise Risk Management Framework by ARC.

2. **Engagement**
Workshops and communications for staff to understand their role in building our risk maturity.

3. **Development**
Advance the development of the Risk Appetite Framework and Risk & Control Self-Assessments.

4. **Integration**
Embed risk within corporate planning and reporting processes/cycles.