

**Risk disclosure in annual
reports of South African
public universities**

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PREFACE

- This mini-dissertation is the final deliverable for the Master of Commerce (MCom) in Applied Risk Management. The mini-dissertation was written in article format and consists of three sections: Research project overview, Article, and Reflection.
- This mini-dissertation is the student's work. The student was responsible for the final concept, set up, execution of the research project and writing of the mini-dissertation. The members of the supervisory team contributed in an advisory and technical support capacity to the study's conception and design, analysis and interpretation of data, and critical revision of the manuscript. The mini-dissertation was language edited before submission for examination. However, the student is responsible for doing these edits, and for the grammatical correctness of the document before hand-in.
- The main study supervisor gave the student permission to submit this mini-dissertation for examination.

ABSTRACT

RISK DISCLOSURE IN ANNUAL REPORTS OF SOUTH AFRICAN PUBLIC UNIVERSITIES

Risk disclosure is essential for effective decision-making by stakeholders in organisations. Detailed risk disclosure practices are integral to South African universities in realising their governance, operational or strategic objectives. While risk disclosure is a well-investigated notion, most studies examine this concept in financial institutions rather than at public universities. Therefore, this study recognised the importance of investigating risk disclosure practices of South African universities. Using the Department of Higher Education and Training (DHET) regulations and King IV risk disclosure practices, a document analysis was carried out on 18 reports covering the 2015, 2019 and 2022 financial years of six selected universities. The study's findings revealed that the universities are disclosing their risk management practices, thus presenting an improved disclosure since the publication of the King IV report in 2016. Moreover, these universities have incorporated the DHET regulations when reporting on information involving the assignment of duties to management by university councils, the governance of risks, and disclosures on the audit and risk committee functions. However, it was found that most reports lacked the disclosure of information on administration-related risks, risk approach and the role of relevant parties in the combined assurances. The current study offers new insights and an understanding of the body of risk management knowledge within higher education institutions (HEIs). The study's findings are important to academics, who may duplicate this study in other industries to prove the rationality of the findings. Regarding practical implications, the findings are important in supporting risk professionals to comprehend risk disclosure boundaries within the context of universities. Furthermore, the findings could contribute to policy formulation by the DHET. This study is one of the few to investigate risk disclosure by public universities in South Africa.

Keywords: risk disclosure; public universities; annual reports; risk management; King IV.

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RESEARCH PROJECT OVERVIEW

1. OVERVIEW

The past few years have witnessed the rise in demand by governments, markets, investors, professional bodies, regulators, activists, transnational organisations, non-governmental organisations, and policymakers for risk disclosure by both private and public sector organisations (Gaia & Jones, 2019). Specifically, noticeable rises in risk disclosure worldwide concerning risk management practices and corporate governance, among many others, are apparent (Baboukardos, 2018; Moloi & Adelowatan, 2018). While most of these risk disclosure practices and their related studies were primarily focused on financial sector organisations (Leopizzi et al., 2020; Roychowdhury et al., 2019; Salem et al., 2019), a few of them relate to public universities. This current research, therefore, pursues to address this lacuna in the existing risk management field by exploring risk reporting by universities, with a particular focus on risk disclosure by South African public universities. Specifically, the study adds to the risk management field by addressing the following objectives: The primary research objective was to explore how public universities in South Africa disclose risks in their annual financial statements. The secondary objectives were:

- To determine risk disclosure practices stipulated by the Department of Higher Education and Training (DHET) regulations for risk management at South African public universities.
- To examine the extent to which these universities' risk disclosure aligns with risk management practices recommended by King IV.

To address these objectives, a document analysis, using the King IV risk disclosure checklist and recommendations from DHET risk disclosure manuals, was carried out using financial statements/reports covering the 2015, 2019 and 2022 financial years of six selected South African public universities. The study discovered that the selected higher education institutions (HEIs) are disclosing risk management practices, thus displaying enhanced disclosure since the introduction of King IV's "apply and explain" viewpoint presented in 2016. The "apply and explain" philosophy discourages corporate governance as mindless compliance but rather to be approached mindfully. Most of the reports disclosed information on the assignment of duties and responsibilities to management by university councils, the governance of risks, and disclosures on the audit and functions of the risk committee. However, it was found that some reports did not disclose information pertaining to administration-related risks, risk approach and the role of relevant parties in the combined assurances.

2. How does this study fit into the field of risk management?

Businesses and other institutions are continually confronted with pervasive risks and problems such as e-learning, digital and technological shifts, and student activism, among others. Public universities

in South Africa are not spared either. Risk disclosure should enable decision-making on an operational, management and strategic level to optimise a risk management and governance trade-off. The institution or business' stance to risk disclosure has consequences for the practices on risk management, which eventually may either permit or restrict robust decision-making process. Subsequently the success of making sound decisions is suggestive of the organisation's framework on risk management, considering the consequences of risk disclosure is essential to recognising limitations in the governance processes of public universities in South Africa. In this current research, the risk disclosure element of the broad risk management field is investigated in determining its incorporation into South African public universities' governance and to validate its consequence on the universities' risk reporting accountability and transparency.

3. Why did the researcher decide to study this specific topic?

The study topic is particularly interesting to the investigator who happens to have lots of interests in risk disclosure. This study focused on public universities for the following reasons. First, public universities are encouraged to adopt risk disclosure practices and are significant contributors to risk management and corporate governance initiatives within South Africa. Moreover, public universities stimulate research and are always the pioneers of teaching and sharing knowledge with students and other stakeholders. Hence, they should always be practical rather than theoretical. In addition, risk disclosure permits transparency, good corporate governance, and risk mitigation in the universities' risk management processes. Lastly, public universities are essential in the growth and steering of the South African economy by providing a skilled workforce and research. Risk disclosure in the process enhances public confidence in these institutions. Therefore, given the above-mentioned reasons, the researcher was motivated to conduct a study on risk disclosure by public universities in South Africa.

4. Which are the intended audiences for the article?

Academics are the primary target audience for this study. Risk practitioners, educational administrators, university councils, compliance practitioners, decision-makers within universities, accounting standards setters and the DHET should also derive value from this study.

5. Explain which journal was selected for the article and why.

The *Journal of Risk Research* is the journal selected for the article to be produced from this mini-dissertation. The journal is an accredited high impact, and peer-reviewed periodical that issues articles that contributing to and enhancing the risk management insights and understanding. This journal is also appropriate as it issues articles associated with risk disclosure, risk management practices and regulation. Below is the link: [Journal of Risk Research \(tandfonline.com\)](https://www.tandfonline.com/journals/risk)

RISK DISCLOSURE IN ANNUAL REPORTS OF SOUTH AFRICAN PUBLIC UNIVERSITIES

Abstract

Risk disclosure is essential for effective decision-making by stakeholders in organisations. Detailed risk disclosure practices are integral to South African universities in realising their governance, operational or strategic objectives. While risk disclosure is a well-investigated notion, most studies examine this concept in financial institutions rather than at public universities. Therefore, this study recognised the importance of investigating risk disclosure practices of South African universities. Using the Department of Higher Education and Training (DHET) regulations and King IV risk disclosure practices, a document analysis was carried out on 18 reports covering the 2015, 2019 and 2022 financial years of six selected universities. The study's findings revealed that the universities are disclosing their risk management practices, thus presenting an improved disclosure since the publication of the King IV report in 2016. Moreover, these universities have incorporated the DHET regulations when reporting on information involving the assignment of duties to management by university councils, the governance of risks, and disclosures on the audit and risk committee functions. However, It was found that most reports lacked the disclosure of information on administration-related risks, risk approach and the role of relevant parties in the combined assurances. The current study offers new insights and an understanding of the body of risk management knowledge within higher education institutions (HEIs). The study's findings are important to academics, who may duplicate this study in other industries to prove the rationality of the findings. Regarding practical implications, the findings are important in supporting risk professionals to comprehend risk disclosure boundaries within the context of universities. Furthermore, the findings could contribute to policy formulation by the DHET. This study is one of the few to investigate risk disclosure by public universities in South Africa.

Keywords: risk disclosure; public universities; annual reports; risk management; King IV.

1. Introduction

The challenges, risks and uncertainties faced by public universities in South Africa are caused by inadequate risk disclosure that allows improper risk management and governance (Moloi & Adelowatan, 2018). In response, institutions such as the DHET and the Council on Higher Education (CHE), which is the supreme oversight for all universities' quality assurance in South Africa, have provided guidelines on risk disclosure processes to be adopted by these institutions (Mhlanga et al., 2022). Furthermore, organisations such as the Institute of Risk Management South Africa (IRMSA) and the Institute of Directors (IoD), among others, supported by the Higher Education Act (HEA), DHET, and King reports have contributed towards risk disclosure practices (du Plessis et al., 2022). Although these efforts triggered various stakeholders to propose approaches to risk management processes, this has not resulted in a uniform risk disclosure structure that these universities should adopt (Moloi, 2017). This absence of a commonly approved risk disclosure approach has led some universities to report only financial risks and altogether omit qualitative risks in their reports.

The significance of risk disclosure by HEIs has been documented by academics, regulators, and practitioners (Carnegie et al., 2022). Despite this rising appreciation, there is an apparent shortage of longitudinal studies investigating the degree to which South Africa's HEIs adopt, and disclose, their risk management practices. Moreover, most studies on risk disclosure focus mainly on profit-making organisations (Elmagrhi & Ntim, 2023). South African universities play an important part in the country's political, economic and social success (Chakabva et al., 2020). Such success is realised by producing a proficient and capable labour force that contributes to the country's economic, political and social functions (Mbithi et al., 2020).

Therefore, stakeholders are interested to witness universities continuing adding value to the economy. However, with emerging challenges such as the digital shift, artificial intelligence (AI), politician meddling, leadership crises, high student debts, and the future of these universities being questioned and uncertain (Moloi, 2017), Chakabva et al. (2020) note that these institutions are now operating in a dynamic and complex environment because of globalisation, technological advances, and economic challenges. While most South African HEIs are on a transformational path, they are also facing challenges such as reduced government funding, reputational risk, e-learning, and student activism, among others (Dubihlela & Ezeonwuka, 2018). Accordingly, as more stakeholders become involved, the demand for risk disclosure from universities is increasing. Consequently, when risk disclosure practices are unsuccessfully managed, they can lead to poor governance (Sityata et al., 2021).

The HEA obligates South African HEIs to disclose their operational information and activities. Such information includes risk management practices, accountability and transparency. In South Africa, listed companies are mandated by the Companies Act and the Johannesburg Stock Exchange (JSE) listing requirements to adopt the King IV report (Institute of Directors, 2022). South African

universities are not protected to risks emanating from different operational environments (Botha, 2019). Hence, they are also obligated to incorporate the practices commended by the King IV code. In this regard, universities are expected to report information on risk management in their yearly reports (Moloi, 2016). While King IV guidelines have no legislative power, the DHET mandates universities to report their risk management practices conforming to the reporting guidelines (Institute of Directors, 2022).

Most risk disclosure studies in South Africa have been carried out in other business sectors, such as the mining, financial, and insurance sectors, among others (Moloi & Iredele, 2020). Consequently, the appropriateness of their outcomes to universities is debatable. Previous studies have examined risk disclosure practices by universities worldwide (Brusca et al., 2018; Carnegie et al., 2022; Sassen & Azizi, 2018). However, these studies seem to be impaired by several noticeable limitations. First, conclusions reached by these studies are considered not applicable to South African universities as they follow disclosure guidelines not used in South Africa. Second, none of these other studies has investigated risk disclosures by South African public universities by analysing post-COVID-19 annual reports. Existing studies on risk disclosure in HEIs are rare for South African public universities. The previous studies (Moloi, 2016) on risk disclosure by public universities were conducted before the publication of King IV and were based on the previous King reports. Consequently, this study seeks to address these gaps and make new contributions to the body of knowledge in the field of risk management.

Hence, this study addresses these gaps by exploring risk disclosure practices of selected public universities in South Africa for the following reasons. First, public universities are encouraged to adopt risk disclosure practices and are significant contributors to risk management practices in South Africa (Moloi, 2017). Moreover, public universities stimulate research and are usually the pioneers in sharing knowledge with students and other stakeholders, hence they should always be practical rather than theoretical (Moloi & Iredele, 2020). Lastly, HEIs are essential for the growth of the South African economy and risk disclosure in the process enhances public confidence in these institutions. Therefore it is essential that risk disclosure of South African universities be investigated as the question arises: How do South African public universities report risk?

In particular, this study attempts to answer the resulting research questions:

- What risk disclosure practices could be adopted by the South African public universities as recommended by DHET regulations ?
- To what extent do these universities' risk disclosure align with risk disclosure practices recommended by King IV for effective risk management?

To answer these questions, a document analysis, using the DHET regulations and King IV code, was carried out on 18 annual reports covering the 2015, 2019 and 2022 financial years of six purposively selected universities. The main finding was that these universities have incorporated risk management as an important strategy in their operations. On average, these universities have

observed the DHET guidelines and regulations when reporting on information involving the delegation of responsibilities to management by university councils, and to the governance of risks and disclosures on the audit and risk committee functions. However, the study revealed also that there is a lack of disclosures on information pertaining to administration-related risks despite the fact that the HEA has been in place for more than 25 years. This could be attributed to revisions that are always added to the act, causing some of the regulations to be omitted or disregarded in total. Positively, most of the King IV recommendations on risk governance and management practices have been incorporated in the observed HEIs' annual reports.

2. Background

This section reviews the literature on public South African universities' composition, their risk management and risk disclosure practices.

2.1 Public South African universities

South African universities are grouped into three categories: traditional universities that offer mostly theoretical degrees, universities of technology that represent former Technikons and offer technology-orientated curricula, and thirdly comprehensive universities that offer both theoretical and technological qualifications (Moloi, 2019). Table 1 illustrates these categories.

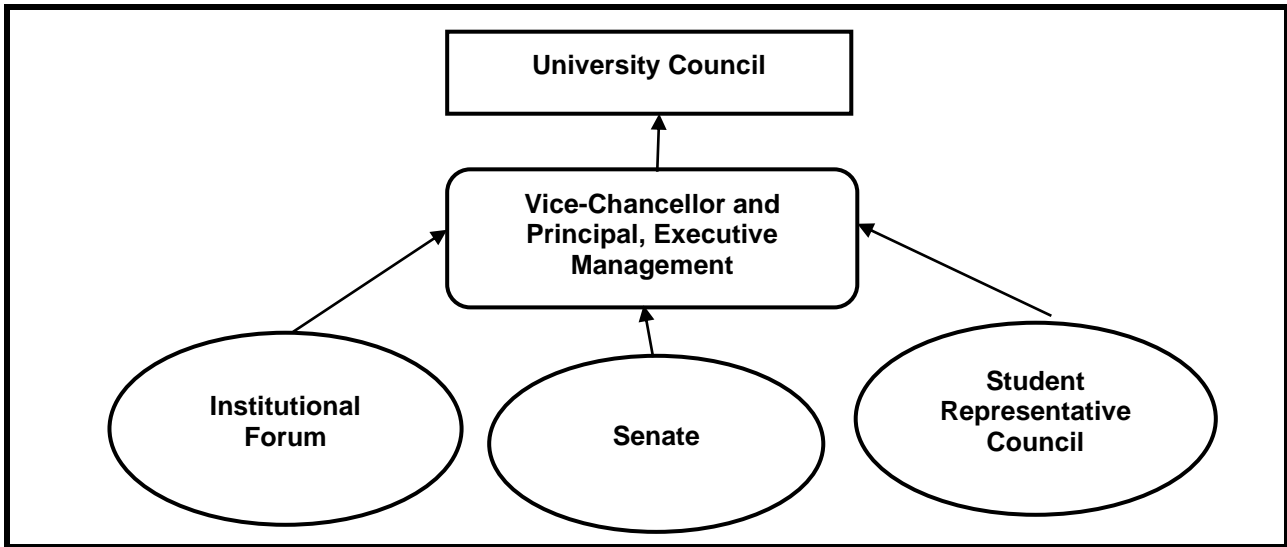
Table 1: The South African public universities

Comprehensive universities	Traditional universities	Technology universities
Nelson Mandela University	North-West University	Cape Peninsula University of Technology
University of Johannesburg	Rhodes University	Central University of Technology
University of Mpumalanga	Sefako Makgatho Health Sciences University	Durban University of Technology
University of South Africa	University of Cape Town	Mangosuthu University of Technology
University of Venda	University of Fort Hare	Sol Plaatje University
University of Zululand	University of the Free State	Tshwane University of Technology
Walter Sisulu University	University of Limpopo	Vaal University of Technology
	University of KwaZulu-Natal	
	University of Pretoria	
	University of Stellenbosch	
	University of the Western Cape	
	University of the Witwatersrand	

Source: Moloi, 2016

Figure 1 presents a university's governance structure as recommended in the HEA. University councils, selected by Higher Education Minister, manage South African universities. The university council appoints a chancellor as its head, and all these institutions should establish the following structures as depicted in Figure 1.

Figure 1: University governance structure



Source: DHET, 2020.

In summary, the university council is the institution's central body. Its members are selected by the Minister of Higher Education to whom they report. It should consist of not more than 30 members, comprising executive officers, other employees of the institution, students, and external members. The Senate is accountable for regulating matters related to the institute's teaching, research, learning and academic functions as delegated by the university council. The vice-chancellor and principal's senior executive team are liable to the management and running of the university; they are appointed by the university council. The student representative council represents the student body and community and resolves student matters. Lastly, the institutional (university) forum advises the university council on matters affecting the institution.

2.2 Risk Management

There is no commonly putative definition of risk, but several definitions are acceptable. Risk is defined in terms of uncertainty (Chakabva & Tengeh, 2023). However, Raimo et al. (2022) note that most authors define risk with a recognisable and similar theme. Most risk definitions address the following risk elements: the likelihood of an event, loss, and the trigger or cause of the event and its impact on the organisation (Lokuwaduge & De Silva, 2022). These views are confirmed by Qanga and Schutte (2021), who also highlighted the ambiguity of an event and its impact. Moloji and Adelowatan (2018) assert that risk exists due to the decision maker's lack of knowledge of the imminent event and potential impact when realised. Furthermore, when losses or risks exist, stakeholders tend to require information from organisations to make informed decisions (Chakabva et al., 2020). Risk in this study is defined as uncertainty about the occurrence of a loss.

Organisations are confronted by various risks emanating from different factors beyond their control (Weber & Müssig, 2022). Risk management is the systematic procedure of recognising, assessing and developing responses to address the risk that could potentially affect the organisation's strategic

objectives (Chakabva et al., 2020). Every organisation is subject to unforeseen circumstances that could influence its operations, reputation, and continuity. To ensure readiness for these disruptions, organisations develop risk mitigation and business continuity plans to address risks and their severity (Institute of Directors, 2021).

Over the years, risk management methods and frameworks have evolved to provide a standardised approach to managing risk. These frameworks include Enterprise Risk Management (ERM), the integrated framework of the Committee of Sponsoring Organisations (COSO), the International Organisation for Standardisation (ISO 31000) risk management framework and processes, and the Casualty Actuarial Society ERM framework, among others (Institute of Directors, 2022). Such bodies have changed of late because of the risk management lessons learned from business failures such as 2008 financial depression, among others. In recent times, there has been increasing attention on risk management in general and the adoption or application of risk management strategies specifically by all types of organisations, including universities. Thus, ERM as a risk management practice is widely recognised as the best approach for all types of organisations to manage uncertainty (Weber & Müssig, 2022).

Most organisations face risks emanating from operational, strategic, financial and compliance environments, among others (Sityata et al., 2021). Universities are not immune to such risks. Therefore, universities are required to come up with risk management strategies to cope with uncertainties. To organise risk, some universities have adopted risk-organising strategies from other business sectors. These strategies include using risk assessment tools, risk identification, mitigation, and risk avoidance. Risk management by universities is important as the function permits better resource allocation and improves transparency (Ng, 2020).

2.3 Risk disclosure

Risk disclosure is a dynamic process requiring organisation-wide involvement (Hassanein, 2022). Grobler (2017) posits that risk disclosure is the responsibility of the whole organisation to communicate risk to both internal and external stakeholders. It is the vehicle for communicating the risk function's value to an organisation (Aras et al., 2021). Therefore, risk management processes in an organisation must communicate risk developments before they become incidents (Brusca et al., 2018). Disclosure allows for proactive risk management in organisations (Saggar et al., 2023). Abhayawansa and Adam (2021) postulate that risk disclosure is the process of communicating performance data and real-time risk to stakeholders. Hassanein (2022) advised that risk disclosure should be executed on a consistent basis. Its frequency relies on the stakeholders' reporting requirements (Hassanein, 2022; Saggar et al., 2023). The reporting regularity can be daily, monthly,

quarterly, biannual, or yearly, depending on the regulations and policies in place (Abhayawansa & Adams, 2021).

Previous studies have reported on the factors affecting risk disclosure in organisations. For example, Fujianti and Damayanti (2020) found that organisation size and share ownership significantly affect risk disclosure activities. Fujianti and Damayanti (2020) also assert that risk disclosure depends on reporting regulations. Regarding corporate governance, Aras et al. (2021) believe that variables such as the number of executives and independent directors should form part of risk disclosure. The independence of boards is another determinant influencing risk disclosure (Hao & Dong, 2022). The risk committees and the presence of a risk management department have proved to be significant determinants of external risk reporting for most universities (Sityata et al., 2021).

2.4 Higher Education Act, King IV and risk disclosure by South African universities

The HEA mandates universities in South Africa to disclose information pertaining their operations, performance and risk organising activities (Grobler, 2017). Universities use annual reports to interpret information for the stakeholders to make well-versed decisions. Risk reporting, therefore, forms part of the annual reports (Sityata et al., 2021). Moloi and Iredele (2020) affirm that the information should include risk disclosure for accountability and transparency. King IV is a set of recommended voluntary practices (Institute of Directors, 2022). It was enlisted to be implemented in all organisations, irrespective of their type of incorporation (Brusca et al., 2018). Moreover, King IV demands the university council to report on its obligations concerning risk management procedures and practices. However, the university council has the option to choose which King IV risk disclosure recommendations to include in the reports. Mukuka et al. (2021) found that most universities lag behind in implementing risk disclosure practices. This is attributed to their resistance to change (Sityata et al., 2021). Most of these universities view risk disclosure practices with scepticism, and their relevance is disputed (Moloi et al., 2017; Mukuka et al., 2021). Furthermore, those universities which exercise risk disclosure often adopt underdeveloped risk disclosure practices (Moloi & Adelototan, 2018). Therefore, this study investigated risk disclosure practices of HEIs in South Africa.

3. METHOD

3.1 Research approach and design

This study has adopted a document analysis approach using an exploratory research design. Document analysis incorporates qualitative data or information and tries to recognise essential meanings or trends. In this study, document analysis was preferred because it is an easily

understood and low-cost research method. In addition, Elmagrhi and Ntim (2023) aver that it is very useful for analysing historical data, particularly for disclosing risk trends over time.

3.2 Sample size and sampling technique

Six South African public universities comprise the sample in this study. A non-probability sampling tool was applied in which the universities were purposively selected within the traditional and universities of technology categories. The selection of traditional and universities of technology was based on the disclosure challenges they are facing. The media is awash with negative information regarding the risk reporting of these universities in particular. Purposive sampling is best used when the study aims to focus in-depth on relatively small samples (Mitchell, 2018). The sample was divided into three universities per category and examined over three years (2015, 2019 and 2022) for data triangulation and understandings into trends over this period. The year 2015 was selected as a time before the publication of the King IV code, 2019 as the year after the availability of the King IV code, and 2022 as the year following the COVID-19 pandemic.

Table 2. Assessed annual reports by category

University Category	Number of annual reports analysed		
	2022	2019	2015
Universities of technology	3	3	3
Traditional universities	3	3	3
Total	6	6	6

3.3 Data source

The key source of data for this study was publicly accessible annual reports for six South African HEIs. The names of the six universities remain confidential and anonymous for ethical considerations. The list of all registered universities is available on the DHET website. The essential condition for inclusion was that their yearly reports were available. Where there were no reports available to download on a university website, contact was made through either phone calls or email to request the documents. In addition, risk and audit committee reports were used to supplement the primary data in the annual reports.

3.4 Data collection and analysis

A risk disclosure index was compiled from the DHET regulations and King IV requirements and it was used to collect data. It was also used to analyse and determine the amount of information disclosed in the various reports. Thus, the index was considered an important means to unearth the information reported in the reports as a proxy for current risk management practices. The method followed aligns with Elmagrhi and Ntim’s (2023) study. Moloi (2017) recommends the application of a disclosure measurement index to gain an understanding of the level of organisational risk management practices through the information specified in the reports. Jia and Li (2022) view the index as an effort to assess and evaluate risk management practices. This aligns with the insight

proposed by Ramírez et al. (2022) in that the information obtained from reports through a disclosure measurement index represents the HEIs' risk practices.

3.5 Procedure

Data extracted from the various annual reports were analysed and documented using Microsoft Excel. Deductive coding was employed in data analysis. This involved a set of predetermined codes from the literature or previous studies. In this study the codes were developed from DHET risk practices and the King IV report (refer to Appendices A and B). The aforementioned index was applied to analyse the scope of risk management practices disclosed by the universities examined. For this purpose, three classes of reporting were formed: full disclosure, partial disclosure, and non-disclosure. Conceptual examination of reports was then conducted to evaluate whether the risk disclosure statement of the particular university has the categorised disclosures or not. Universities with full disclosure were marked as "incorporated", indicating best risk management and disclosure practices. Those that lacked disclosures on particular items were marked as "not incorporated" (non), whereas those that lacked detailed disclosure were marked as "partial".

3.6 Disclosure measurement index

Forty formulated risk management and governance items are contained in the risk disclosure measurement index (refer to Appendix A). The preliminary list of risk statements produced was based on several procedures. Duplicated items and statements were discarded, and alike statements were clustered together and grouped under appropriate captions and headings. After numerous reiterative stages of modifications and preliminary assessment with a sample of reports, a list of 40 risk statements was confirmed. Appendix A contains the detailed risk disclosure measurement index items, and Appendix B displays a few examples of how risk statements were grouped and recorded based on the reports. The index was separated into two main classes. The first class is a list of items on DHET regulations regarding the governance of risk, tolerance and appetite, as well as risk management, assurance and risk disclosure as the main subheadings. The second section lists items from the King IV recommended disclosure best practices (refer to Appendix B).

4. RESULTS AND DISCUSSION

The tables below present the combined research results based on the examination of the 18 annual reports for 2015, 2019 and 2022 from the six South African public universities.

4.1 Governance of risk, tolerance and appetite

Table 3 depicts the results of the risk management groups concerning the governance of risk, tolerance determination, risk appetite levels, the relevant committee to assist the university council, and the delegation of responsibilities to the management of the institution concerned. It is clear that there was an improvement in reporting of all three categories of risk from 2015 to 2022.

Table 3: DHET regulations on risk governance, tolerance and appetite, as recorded in the 18 annual reports for years 2015, 2019 and 2022.

DHET regulations	2022			2019			2015		
	Incorporated	Partial	Non	Incorporated	Partial	Non	Incorporated	Partial	Non
	%	%	%	%	%	%	%	%	%
Category: Annual report disclosure of information relating to the delegation of responsibilities to management by Council (DR)									
DR1	83	17	0	33	17	50	17	0	83
DR2	67	33	0	33	17	50	17	33	50
DR3	50	17	33	17	33	50	0	17	83
DR4	67	33	0	50	33	17	0	0	100
Average	67	25	8	33	25	42	8.5	12.5	79
Category: Incorporation of statements relating to the governance of risks within higher education institutions (GR)									
GR1	67	0	33	50	33	17	0	33	67
GR2	50	17	33	17	50	33	33	0	67
GR3	83	17	0	50	33	17	0	17	83
GR4	83	0	17	50	33	17	17	0	83
GR5	50	33	17	33	17	50	0	33	67
Average	67	13	20	40	33	27	10	17	73
Category: Incorporation of statements relating to the relevant committee of Council (CC)									
CC1	83	17	0	50	33	17	17	0	83
CC2	83	0	17	33	50	17	0	33	67
CC3	67	33	0	50	17	33	33	0	67
CC4	33	50	17	33	50	17	17	0	83
Average	67	25	8	41	38	21	17	8	75
n (sample size) = 6 Refer to Appendix A for the meaning of these various regulations									

On average, 67% of the sampled universities disclosed information involving the university councils' delegation of responsibilities to management in 2022. This is a marked improvement from 2015. Interestingly, 83% or five of the universities reported on GR1. These findings may indicate that most HEIs are implementing risk management practices as recommended by the HEA for compliance purposes or accountability and transparency issues as demanded by different stakeholders. Sityata et al. (2021) noted that the increased challenges have prompted most universities in South Africa to report on risks as a response. The challenges noted include the rapidly growing regulatory requirements, technological changes, increased public demands and scrutiny.

Another finding indicated that on average, 67% of the universities in 2022 incorporated items relating to the governance of risks on their reports. The general trend was an improvement in the disclosure of this recommended practice. from 2015 to 2022. However, in 2022 three universities included GR2 and GR5 regulations in their reports. Although there was an improvement, these items remained below average regarding its incorporation in the reports.

On average, an improvement on the incorporation of risk management practices in the information on the relevant committee charged with governance of risk by the sampled universities was witnessed. A marked improvement on average from 2015 (17%) to 2022 (67%) was noted on the reporting to risk and audit committees. Regarding CC1, it was observed that, in 2022, five of the universities disclosed this information. Disclosures were also observed with regard to the information relating to CC2 (five universities in 2022, up from none in 2015). Despite the improvement in committee practices, non-disclosures were detected in the information concerning CC4. Two of the

universities in 2022 incorporated this item. The inability to incorporate CC4 items may expose councils to the retention of ineffective committee members, eventually exposing the institution to risks and adversely influence its risk management strategies.

Previous studies (Brusca et al., 2018; Sityata et al., 2021) concur with these findings. This improvement is attributed to the advent of integrated reporting (IR) as an essential practice of corporate disclosure in South Africa. IR has improved internal integration and management at universities (Adhikari et al., 2023). Thus, these institutions now better understand their main value drivers, a more systematic risk analysis, enhanced strategic resource plans, and reduced functional and departmental siloing. IR links the different (but coupled) fundamentals of HEIs, such as governance, operations, strategy, risks, and performance to strategic goals, in the framework of the external environment. Furthermore, some of the selected universities are members of the integrated reporting committee (IRC) of South Africa which offers its members a range of services, from training courses to sector-specific publications and conference updates. This resulted in universities receiving training on risk disclosure, thereby improving their governance, tolerance and appetite disclosures.

Moreover, South Africa's Big Six accounting and auditing firms have specialised teams that offer governance risk disclosure advisory services for the country's HEIs. This can also contribute to improving the disclosure of information relating to risk governance, tolerance and appetite. Some of the universities examined here have recognised the value of integrated thinking. Indeed, they believe adopting integrated thinking throughout the risk disclosure process is more important than merely preparing the reports. An informed university council may approve the institution's strategic goals only after considering all the risk management practices important to the viability of that university.

4.2 Risk management, assurance and risk disclosure

Table 4 shows that there were poor practices in all risk management categories relating to risk management, assurance, and risk disclosure.

Table 4: DHET regulations risk disclosure measurement index on risk management, assurance and risk disclosure, as recorded in the 18 annual reports for years 2015, 2019 and 2022.

DHET regulations	2022			2019			2015		
	Incorporated	Partial	Non	Incorporated	Partial	Non	Incorporated	Partial	Non
	%	%	%	%	%	%	%	%	%
Category: Annual reports' disclosure of information relating to the role of relevant parties in the combined assurance (CA)									
CA1	50	17	33	33	17	50	17	0	83
CA2	33	17	50	33	17	50	17	33	50
CA3	33	50	17	33	0	67	17	0	83
CA4	17	33	50	0	17	83	0	17	83
CA5	33	17	50	17	33	50	0	0	100
Average	33	27	40	23	17	60	10	10	80
Category: Annual reports' disclosure of information relating to the risk approach (RA)									
RA1	67	33	0	33	17	50	17	33	50
RA2	50	17	33	33	0	67	17	0	83
RA3	33	17	50	17	33	50	0	0	100
RA4	50	33	17	33	17	50	17	0	83
RA5	33	0	67	17	0	83	0	0	100
Average	47	20	33	27	13	60	10	10	80
Category: Annual reports' disclosure of information relating to administration-related risks (AR)									
AR1	17	0	83	0	33	67	0	17	83
AR2	17	33	50	17	33	50	0	33	67
AR3	17	33	50	17	33	50	0	33	67
AR4	33	0	67	17	50	33	17	0	83
AR5	0	33	67	0	33	67	0	17	83
Average	17	20	63	10	36	54	3	20	77
n (sample size) = 6. Refer to Appendix A for the meaning of various regulations									

Although there was an improvement in disclosure for all three categories from 2015, the rate remained marginal. Reporting on combined assurance improved from an average of 10% in 2015 to 33% in 2022. On average, the disclosure of information related to risk approach increased from 10% in 2015 to 47% in 2022.

Of particular interest, the reports disclosed little information related to administration risk. On average, 17 % of universities incorporated information relating to information relating to administration-related risks in 2022 from an average of 3% in 2015. This category includes risks on AR1, AR2, AR3 and AR4 where one university reported on AR1, AR2 and AR3 and two universities out of six included AR4 in their 2022 reports. (Refer to Appendix A). All the sampled universities failed to disclose information on AR5, over the three reporting periods.

This lack or partial disclosure may be because of a unwillingness to converse on risks related to procurement, leadership, and management issues. These matters are primarily regarded as of inside strategic significance and have less importance for outside stakeholders, who happen to be more concerned about financial and operational risks (Caputo et al., 2021). Moreover, as established in prior studies (Adhikariparajuli et al., 2021; Ntjane, 2022), most of the risk disclosure statements were impartial/indifferent, followed by positive information, then a few with negative information. This outcome is constant with proprietary cost theory perception, in which institutions do not disclose information that could impose detrimental effects on reputation and future cash-flow reduction

(Nayak & Kayarkatte, 2022). Yet, hiding negative information could be disadvantageous to institutions as risk information offered may be assumed as undependable, prejudiced, and thus not valuable to stakeholders (Hsiao et al., 2023).

These findings contradict previous studies (Adhikariparajuli et al., 2021; Hsiao et al., 2023), which found that most institutions, particularly in developed countries, disclose most of their administration risks. Ntjane (2022) noticed that failure to disclose risks associated with administration risks has detrimental effects on HEIs in South Africa. We have seen a rise in corruption issues, leadership squabbles, procurement fraud and disgruntled students. The media covers such malicious practices by our local universities (Ntjane, 2022), yet the annual reports have not addressed such risks. Stakeholders expect issues such as the impact of # Feesmustfall, (was a student-led demonstration drive to halt rises in fees), institutions put under administration, abduction of staff, leadership challenges, procurement collusions and corruption to be reported in integrated/annual reports. This non-disclosure of such information can be attributed to lack of risk planning, poor strategy-risk integration, a lack of accountability by administrations, absence of oversight, and a poor risk culture.

University councils and executives are expected to disclose their risk management practices in their reports. Their institutions must stay compliant with an increasing array of stakeholders and regulations. Failure to address these disclosure compliance issues could degenerate into reputational risk, loss of funding and, in extreme cases, litigation against the executive. Nayak and Kayarkatte (2022) assert that risk disclosure practices on risks related to administration enable HEIs to build a path to attaining the intended strategic goals. Furthermore, it allows universities to have a culture of risk oversight and operate with the highest integrity (Ntjane, 2022). Therefore, it is crucial for HEIs in South Africa to ensure that responsibilities for risk disclosure are understood and embedded in the institutions' best risk management practices and culture.

4.3 Risk Governance Structure

The findings on disclosures concerning formation of risk governance structure are presented in Table 5.

Table 5. King IV practices on risk governance structure disclosures, as recorded in the 18 annual reports for years 2015, 2019 and 2022.

King IV practices	2022			2019			2015		
	Incorporated	Partial	Non	Incorporated	Partial	Non	Incorporated	Partial	Non
	%	%	%	%	%	%	%	%	%
RG1	83	17	0	67	33	0	50	17	33
RG2	100	0	0	100	0	0	33	17	50
RG3	83	17	0	83	0	17	67	0	33
Average	89	11	0	83	11	6	50	11	39

n (sample size) = 6. Refer to Appendix B for the meaning of these various practices

Table 5 reveals that HEIs in this study have reported on issues about their risk governance structure. It illustrates that the institutions have recognised and set up risk governance structures, such as risk management and audit committees in their risk organisation. On average, 89 % of the universities in 2022 disclosed risk governance structures, indicating an improvement from 50% in 2015 and 83%

in 2019. Notably, in 2019 and 2022, all the universities in this sample reported on information concerning RG2. This implies that universities have formed either an audit committee or a risk committee within their risk governance structures.

Regarding RG1 and RG3, five of the universities disclosed these practices in their reports. These outcomes suggest that South African HEIs are moving towards an “integrated disclosure practice” (Tiron-Tudor et al., 2020). This policy guarantees the provision of high-quality reports. The results are vital to evidence that the stakeholders of the institution are monitoring and controlling its risks, organising them against pre-set strategies (Leopizzi et al., 2020). These results support Mukuka et al. (2021), who reported that some HEIs embrace integrated disclosure within their structures.

The practice mentioned above may be attributed to the following factors. First, there is pressure from stakeholders who want all issues on governance integrated into annual reports. By disclosing and making governance risks transparent, the institutions provide stakeholders with an indication of how they function. This promotes public trust and improves the institutions’ credibility (Elmagrhi et al., 2021). In addition, most institutions have recognised the need to incorporate both non-academic and academic staff in the risk management process. Furthermore, communication is a significant instrument that bolsters the idea that risk governance and its disclosures can improve the possibility of success in HEIs.

Compliance, transparency and accountability are also factors contributing to the disclosure of risk governance structures at universities. Increased disclosures on transparency in the institutions’ governance and management make it easier for stakeholders to take informed decisions. It also reduces the likelihood of misuse and manipulation of the HEIs’ financial resources. Furthermore, engaging in accountability practices can enhance the congruence of the university’s risk culture and goals with the community, enabling sustainable operations by enhancing the institution’s goodwill and reputation. In a nutshell, more commitment to risk disclosure practices could have substantial liquidity (working capital), investment (capital budgeting), and financing (capital structure) implications. Therefore, these disclosures can be an effective strategy to address this information asymmetry and gain the support of essential stakeholders of the institution, such as investors, regulators, staff, and government.

4.4 Risk Management Practices

The results of risk management practices as recommended by the King IV code, which evaluate the level of risk management practice disclosures by South African universities, are presented in Table 6.

Table 6. King IV practices on risk management practices disclosures, as recorded in the 18 annual reports for years 2015, 2019 and 2022.

King IV practices	2022			2019			2015		
	Incorporated	Partial	Non	Incorporated	Partial	Non	Incorporated	Partial	Non
	%	%	%	%	%	%	%	%	%
RM1	83	17	0	67	33	0	33	17	50
RM2	83	0	17	50	33	17	33	17	50
RM3	100	0	0	67	0	33	50	17	33
RM4	83	17	0	67	33	0	50	33	17
RM5	67	33	0	50	33	17	33	50	17
RM6	67	33	0	50	17	33	33	17	50
RM7	83	0	17	67	0	33	50	33	17
RM8	83	17	0	67	33	0	50	17	33
RM9	67	0	33	50	17	33	33	17	50
Average	80	13	7	60	22	18	41	24	35
n (sample size) = 6. Refer to Appendix B for the meaning of these various practices									

There has been an improvement in reporting on disclosure of risk management practices by the South African universities (an average of 80% in 2022) after the publication of the King IV code in 2016 as it supports qualitative and risk management disclosures. Notably, all six sampled universities incorporated RM3 in their 2022 annual reports. This item was relatively well reported, three in 2015 and four in 2019, indicating that most HEIs have councils that approve policies to assess and give risk managers a way to manage risks.

The least reported items under the risk management practices in 2022 included RM5, RM6 and RM9 (four universities). This finding could have been influenced by universities yet to adopt the suggested best practices. It seems that these institutions are gradually coming to terms with incorporating the risk management best practices as required by the King IV code. The significance of risk tolerance and appetite should not be underestimated. Tsvetkov (2020) posits that acceptable risk levels are determined by risk tolerance and appetite levels set by organisations, and these principles enhance the management of risk. Although there has been consistent improvement in reporting on this item, there is still room for improvement in the evaluation, determining the level of risks that HEIs in South Africa are prepared to take in chase of their strategic aims. Sityata et al. (2021) assert that the evaluation, consideration and monitoring of risk tolerance and appetite levels are still lacking at South African universities. Additionally, these outcomes are support Tsvetkov (2020), who revealed that universities struggle to quantify their risk exposure.

In 2015, on average the universities disclosed information on risk management practices, which suggests that the universities were perhaps applying other risk measurement indices such as the Delloite index, the IRC of South Africa practices, the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the International Integrated Reporting Council's (IIRC's)

recommendations, the King III code and the Basel Committee recommendations, which are similar to the risk management practices recommended in King IV.

In summary, the King IV code emphasises integrated thinking at institutions and furthermore endorses the preparation of integrated reports. It has widened the external and internal understanding of the drivers of core values of universities, both non-financial and financial, and enabled the reporting of some qualitative issues such as leadership crises, procurement and, to some extent, corruption and collusion. Furthermore, it has improved the quality of reporting on risk management practices, strategy, and disclosures on important resources and stakeholder relationships. In particular, the King IV code has prompted or reinforced integrated management, integrated thinking, and integrated reporting by HEIs in South Africa. Some of these institutions have linked information about risks and prospects to various risk management practices, revealing “integrated thinking”.

In contrast to previous studies (Favato et al., 2021; Tirado-Valencia et al., 2021), this study indicates that most of HEIs make efforts to link risk information disclosure to other important matters such as goals, strategies, operations, governance, improving accountability and transparency. Nevertheless, the findings reported here also revealed some limitations with risk disclosure by these universities, which justify more consideration. As established in prior studies (Adhikariparajuli et al., 2020; Saha et al., 2021), HEIs in South Africa are disclosing limited quantifiable and qualitative risk evaluations, and most disclosures are backward-looking. Rather than forward looking disclosures. Backward-looking disclosure is past financial results along with their related disclosures (Dey et al., 2020,). “These are mostly retrospective and barely provide prospects that are more relevant for an informed decision. Whereas forward-looking disclosure refers to current plans and future forecasts that provide information about the institution’s prospects” (Day et al., 2020).

5. CONCLUSION

This study explored risk disclosure in annual reports of six South African public universities. Statements of their measurement index were based on the DHET regulations and King IV code. This approach is supported by the literature, particularly in respect of developing countries (Elmagrhi et al., 2023). Jia and Li (2022) observe that ‘studies from developing countries tend to examine the level of compliance with mandatory disclosures because of a relaxed enforcement policy compared to that of the first world countries’. Formulated risk management and governance statements were included in the index. The disclosure measurement method was regarded suitable for this study as it is flexible (Jia & Li, 2022). The main finding was that the selected HEIs have incorporated risk management as an important policy in their activities. In most cases, the universities have observed HEA regulations when reporting on information relating to the delegation of responsibilities to management by university councils and disclosures on the audit and risk committee functions.

However, it was observed that there was a lack of disclosures on information pertaining to administration-related risks.

On the positive side, most of the King IV recommendations on risk governance structure and risk management practices were incorporated in the HEIs' annual reports. Notably, in 2022, all universities examined reported information on their respective committees for risk management having executive members, with the majority being non-executives.

There are several areas where improvement is needed. First, the current disclosure framework should include the results of the universities' functions, services, and operations. The reports should contain both the negative and positive outcomes of the functions affected or relied on by the institutions. These functions include financial management, research, human resources (leadership, staff), student affairs, social, and community engagement. Furthermore, some universities have disclosed information on only the positive value created for stakeholders, disregarding negative or inadvertent risk consequences. The risk disclosures in HEIs' annual reports should improve following the extensive and continuous engagement with different institutions such as the IRMSA and IRC, among others. Moreover, the governance sections of the reports need more work. At present, they frequently address compliance-driven information rather than the most relevant information, such as the leadership challenges and the principal issues discussed during the year that affected the organisation.

Moreover, the HEIs did not fully disclose their performance against their strategic goals and objectives. Private sector organisations often perform this better than public ones, perhaps because of their conventional focus on reporting performance against non-financial objectives. Finally, some of the reports lack balance. They have disclosed only positive information rather than a more comprehensive risk disclosure. Therefore, new risks are emerging as the HEIs continue to change and advance in their use of technology and internationalisation. As mentioned by Deloitte (2018), identified risks often transform and challenges inevitably unfold. Universities must also concede that they lack answers to these transformed and unknown risks. Knowing they have taken steps to be more agile in the face of risk, university councils can be assured of full disclosure of all risks as universities face a challenging future of uncertainties. This may boost the investors and other stakeholders' confidence.

This study contributes to the literature in the risk management area as it presents a novel understanding of the disclosures of risk management practices at the selected South African universities. In addition, the study offers insights into risk governance structures and their application by these institutions, with various implications for a variety of concerned parties. First, some prospects are realised for academics to contribute to the disclosure of risk management studies in

diverse backgrounds using either the developed King IV measurement index or other disclosure measurement methods. As noted in the literature review, few research has been carried out on public universities in third world countries. Similarly, public institutions' risk management disclosure practices are not often studied in spite of their significance as measures of transparency. More studies could be conducted or carried out to present other useable disclosure measurements for similar research in other institutions to examine their risk reporting practices.

Moreover, this study provides interesting implications for risk practitioners. The results of the study submit that there is an empirical and theoretical accord on the importance of risk disclosure quality (for example, stakeholders appear to be more versed on good risk disclosure practices). Risk professionals in HEIs should identify the various advantages that their institutions could benefit from reporting relevant risk matters. They must prioritise to disclose all kinds of risks they encounter in their reports, which must avoid using intricate or complex language in statements about risk. They are required to implement risk disclosure in informing stakeholders on the risks their institutions are encountering and how they should mitigate and organise them. HEIs must not use risk disclosure to obfuscate stakeholders by using impression management, a practice that refers to the peoples' activities taken to coax others into thinking about an impression or notion in a convinced way. According to Campbell (2023), this relates to either cognisant or subliminal and it includes stressing positive features while restraining undesirable ones. This is likewise, identified as "self-presentation". The study findings are important in helping risk professionals to better understand risk disclosure practices in higher education.

Furthermore, governance regulators could contribute to enhancing the risk disclosure quality by improving the governance regulations to incorporate mandatory guidelines. The King IV code and the HEA compel the university councils to describe the institutions' principal risks in their reports. The Act commands the leadership to assess and evaluate the internal control systems and include them in the annual report. Some examples of internal controls may include internal audits, segregation of duties and information processing controls. This may promote high-quality risk information relevant to decision-making by stakeholders.

Fourth, this study identifies the implications of accounting standards regulators. The International Financial Reporting Standard 7 (IFRS 7) restricts risk disclosures to mostly financial instruments. Nevertheless, institutions encounter diverse risks and uncertainties, and the stakeholders should be provided with relevant information on all uncertainties/risk linked to quantitative and non-financial risks. Therefore, this study recommends that accounting standards regulators need to consider publishing novel accounting standards that includes reporting risks faced by organisations in general and those by HEIs in particular.

Lastly, the findings should be of interest to the DHET, as it governs reporting by universities in South Africa. The department may use the results of this study to revise its reporting guidelines. It is significant to accept that the King IV code is not enforced at law and it is grounded on philosophies and principles. Consequently, to encourage good governance and sustainability, the DHET must integrate these principles into the HEA to coerce best governance practices, such as business continuity planning.

Overall, all interested parties should take part in refining and enhancing the risk disclosure quality. Regulators ought to advance the prevailing risk disclosure accounting standards or come up with new, specialised ones. The governance managers ought to improve the governance codes and offer mandatory principles and laws to enhance risk disclosure quality.

Several limitations can be considered and the implications for further research. For example, it specifically targeted the HEIs in South Africa and was confined to six public universities and 18 reports for three years. A longitudinal study would provide greater possibility to comprehend the development of risk disclosure by HEIs. The regulations imposed by the HEA and the recommended King IV guidelines were the only codes used in developing the risk disclosure measurement index. It is recommended that future research explore more universities (both public and private) in the South African or African context to extend the generalisability of the results. In addition, more reports over a defined period should be included in future studies to allow for further evaluation of the findings. Additional studies should be initiated by recommending an outline for risk disclosure standards. Thus, qualitative studies could be carried out to investigate the insights of different stakeholders about the proposed risk disclosure standards that cover all types of risks. International and other risk disclosure measurement indices, such as the Basel Committee, IFRS, and Deloitte measurement indices, could be considered in future studies.

In conclusion, this study was able to provide insights into the risk management disclosure practices by HEIs. Several recommendations have been made on how the regulators, governors and council boards, administrators, policymakers and academics could assist to further enhance the degree of disclosure at the universities. Qualitative risks on academic operational and senior administrative activities have driven the call for risk-linked evidence to evaluate the impending performance of these institutions. Additionally, national and international regulators have pressured both private and public organisations to disclose more on the diverse types of risks they encounter. These risks include the “bigger” threats, such as leadership, governance, environmental and sustainability matters, that have a bearing beyond one organisation to involve societies or communities. Therefore, as HEIs in South Africa continue to encounter challenges and because they would possibly be reviewing their risk disclosure strategies to consider recent happenings such as leadership crises, audit failures (recently only eight out of 26 universities had clean audits, corruption and fraud, every strategic decision

considered should be supplemented by an appropriate risk assessment to recognise possible threats and opportunities.

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Studying at whatever level is by no means easy. It takes a lot of determination, effort and discipline to achieve a qualification, especially a postgraduate one. It was a rollercoaster of emotions when I embarked on this master's degree programme until the end. Sometimes, I could feel more fascinated and interested. I was emotionally low at some stage in my life considering a mishap before submitting my last module assignment during my first year. I experienced the ugliness and malice of xenophobia. This affected me emotionally, mentally and financially. At some point, I thought of quitting. I am not a quitter, though. All the glory goes to God, who made me get over the negativity brought about by such a bad situation. The support I got from my supervisor during this period was overwhelming.

Basically, the journey to the mini-dissertation was an interesting one. I have a passion for risk management as a management sciences field. Working in a university environment made me realise that risk management practices are still lagging, especially the risk disclosure part. There is a dearth of serious logical and longitudinal research exploring the extent to which HEIs engage with, and disclose, existing good practice recommendations relating to risk management and governance in developing countries in general and in South Africa in particular. This motivated me to conduct this study. Developing a study topic takes time, and it is generally challenging to get it right the first time. It is a process. All the gratitude goes to Dr Graham Baker and Dr Elisabeth Lickindorf; with the assistance of my supervisor, Mr Eddie Lindeque, we managed to settle on the topic "Risk disclosure in annual reports of South African public universities".

Going through the previous literature, I learned that disclosing high-quality information is critical for effective decision-making by investors and other stakeholders. Institutions provide information through various mandated and voluntary means. Risk disclosure requirements for corporate reporting vary worldwide and can be considerable. Generally, annual reports are relevant in assessing risks to a business. Material risks are often disclosed throughout various sections of an annual report; some are mandated by reporting standards, and some by regulatory bodies. The literature review conducted also expressed that risk information disclosure by HEIs is not only vital for the functioning of the institutions but also provides a wider audience beyond investors, such as governments, academics, regulators, standards setters, employees and other stakeholders, with information that is useful for assessing stewardship and making economic and policy decisions. I have also discovered that the demand for risk disclosures by HEIs arises from the challenges faced by all organisations to optimally allocate resources to the various opportunities available. These challenges are compounded by the fact that university insiders, such as the leadership, councils and administrators, typically possess superior information about the operations of their institutions and

often have conflicting incentives with external stakeholders such as the government, regulators, and the DHET, among others.

Reliable and relevant risk disclosures in HEIs enable stakeholders to assess on an ex ante basis potential opportunities, and to monitor on an ex post facto basis the use of their available resources once committed to the learning, teaching, research and community engagement activities. South African public universities are thus only able to achieve their roles if credible risk disclosure mechanisms are created to mitigate asymmetrical information between councils, internal leadership and external stakeholders. Well-functioning risk management and governance disclosure practices are important for long-term operations, transparency, accountability and the growth of HEIs. Therefore, risk disclosures are important for HEIs' reputation and stability and provide a better understanding of these institutions' risk exposures and risk management practices. Overall, the reduction of information asymmetries through risk disclosure practices in HEIs enhances goodwill, reputation, financial stability, and helps stakeholders make the best possible decisions. Furthermore, risk disclosures may facilitate the measurement and management of indicators important for mitigation of risks in HEIs, and to increase public trust in the institutions and improve their credibility.

This study revealed that the selected universities are moving at an accelerated rate in disclosing most of the King IV recommended best risk management and governance practices that are most in line with DHET regulations. However, much should be done to report information relating to leadership issues, procurement, financial management, and student affairs. Media reports in South Africa are always awash with these kinds of qualitative risks, but surprisingly, a few annual reports disclose such risks. Of late, leadership issues have been witnessed at some HEIs in South Africa, where forced and voluntary resignations by vice-chancellors and other senior administrators have been covered on various media platforms. My recommendation on this is that universities should highlight the impact (both positive and negative) of these administration-related risks for better decision-making by the different stakeholders.

From my personal experience, I enjoyed the document analysis methodology. This is relatively new in research as a study approach. This method has brought another dimension to how research is conducted. The good thing with this approach is that information is readily available in the public domain (that is, the internet). It is an easy technique to use and is not too time-consuming. The most challenging part of the journey was time to devote to my study I have realised that time is a resource, and it is always scarce. All academic programmes should be treated like projects where project management skills should be applied.

A concern is raised regarding academic research. A lot of effort, resources, time and determination are expended when carrying out research of this kind. All the parties concerned – the student, supervisors, reviewers – channel their efforts towards producing the best article. Yet such research

articles are typically shelved in academic libraries and occasionally discussed mainly at academic conferences. The industry, practitioners, risk managers, and professionals should come on board and take some of these studies and apply recommended information. It seems that only the academic field benefits from these research. I am of the opinion that the value created from these studies and research is only of consequence when considered and applied in practice. The programme is called Applied Risk Management, hence most of the research conducted is application-based; therefore, the industry should further fine-tune the application of such studies. The Centre for Applied Risk Management (UARM) should collaborate and identify companies and organisations that can be part of this research journey, working with students and supervisors from the beginning till the end to fine-tune and solve the practical challenges they face in practice. In my opinion, the potential benefits from such research studies would result from the collaboration between academics and industry professionals.

Appendix A: Risk Disclosure Measurement Index

DHET regulations: Governance of risk, tolerance and appetite

Category: Annual report disclosure of information relating to the delegation of responsibilities to management by Council (DR)	
Code	Description
DR1	Management has ensured that risk is integrated on the day-to-day activities of the university
DR2	The university has risk management systems to execute the council's risk strategy
DR3	The Chief Risk Officer (CRO) has access to the council or its committee and executive management.
DR4	The CRO is experienced on strategic as well as risk related matters
Category: Incorporation of statements relating to the governance of risks within higher education institutions (GR)	
Code	Description
GR1	The council has commented in the integrated (annual) report with regards to the effectiveness of the system and process of risk governance
GR2	Council has approved the policy and plan for the system and process of risk management
GR3	Approved risk management policy and plan widely distributed across the university
GR4	Council continually monitor the implementation of risk management plan
GR5	Risk taken within the previous year and reported on are within the defined tolerance and appetite levels
Category: Incorporation of statements relating to the relevant committee of Council (CC)	
Code	Description
CC1	Membership of the committee consist of executive (as invitees) and non-executive members
CC2	The relevant committee considers risk management policy and plan, and it monitors the risk management process
CC3	The relevant committee has a minimum of three members who meet at least twice per annum
CC4	The relevant committee has access to independent experts

Risk management, assurance and risk disclosure

Annual reports' disclosure of information relating to the role of relevant parties in the combined assurance (CA)	
Code	Description
CA1	Internal audit as the second tier of defence has provided a written assessment on the effectiveness of risk management and the entire system of internal controls
CA2	Management (through Enterprise Risk Management division) as a first line of defence in the combined assurance has provided assurance that risk management is integrated in the university's daily activities and that controls are in place
CA3	The university has an approved combined assurance framework
CA4	Other external assurance providers as the third tier of defence have provided a written assessment on the effectiveness of risk management and the entire system of internal controls
CA5	The university determines the levels of risk appetite and tolerance levels annually
Annual reports' disclosure of information relating to the risk approach (RA)	
Code	Description
RA1	Top-down approach to risk assessment is followed
RA2	To identify risks, the university follows a system that is systematic, and this system ensures that risks are documented
RA3	Risks are ranked for prioritisation
RA4	The council receives regular risk reports, it reviews and deliberate on these reports
RA5	Divergent risks have been raised
Annual reports' disclosure of information relating to administration related risks (AR)	
Code	Description
AR1	Leadership
AR2	Procurement
AR3	Financial management
AR4	Student affairs
AR5	Institutional governance effectiveness

APPENDIX B: RISK DISCLOSURE MEASUREMENT INDEX BASED ON THE KING IV CODE

King IV recommended practices

Category: Risk Governance Structure (RG)	
Code	Code Description
RG1	The council should consider allocating the oversight role of risk governance to a dedicated committee or adding it to the responsibilities of another committee, such as the audit committee.
RG2	The committee for risk management should have executive and non-executive members, with the majority being non-executive members.
RG3	If the audit and risk committees are separate, the council should consider one or more members to be a member of both committees for more effective functioning.
Category: Risk Management Practices (RM)	
Code	Description
RM1	The council should treat risk as integral to the way it makes decisions and executes its duties
RM2	The council should assume the responsibility to govern risk or through a dedicated committee by setting the direction for how risk should be approached and addressed in the university, including the following: the potential positives and negatives effects of the risk in the achievement of objectives.
RM3	The council should approve policies that articulate and gives effects to its set direction on risk
RM4	The council should treat risk as integral to the way it makes decisions and executes its duties
RM5	The council should delegate to management the responsibility to implement and execute effective risk management.
RM6	The council should evaluate and agree on the nature and extent of risks that the organisation is willing to take in pursuit of its strategic objectives, such as approving the universities' risk appetite and risk tolerance.
RM7	The council should consider the need to receive periodic assurance on the effectiveness of risk management.
RM8	The council should exercise ongoing oversight of risk management to ensure the following: <ul style="list-style-type: none"> • An assessment of risks and opportunities. • The design and implementation of appropriate risk responses; • The establishment and implementation of business continuity arrangement. • The integration and embedding of risk management in the business activities and culture of the university.
RM9	The following should be disclosed concerning risk: <ul style="list-style-type: none"> • An overview of the arrangement for governing and managing risks. • Key areas of focus during the reporting period, including objectives, the key risk facing the University, as well as unexpected or unusual risk and risk taken outside the risk tolerance levels. • Actions were taken to monitor the effectiveness of risk management and how outcomes were addressed.

Appendix C: Examples of risk assessment

University	Examples of risk disclosure	Main risk disclosure category	Risk disclosure category	Coding
A	“As previously mentioned, liquidity and money management has been a particular challenge during the year. Cash flow planning has been a high priority in the year and will continue to be so. Cash forecasts are a combination of daily cash projections and rolling twelve-month projections which are updated regularly. A cautious approach to expenditure commitments and increased emphasis on risk identification and management has been affected during the year and a strategy of strengthening the liquidity of the University is being implemented”	Financial	Liquidity	Qualitative/ non-monetary information/ positive news information/ incorporated
B	“The past financial year saw an overall recovery in value of global stock markets. However, new donations received during the year fell from R10m to R6.5m. Overall the value of endowment asset investments increased from R560.5m to R780.8m. The performance of the fund managers continues to be monitored by the Investment Advisory Committee against targets set by the council and reviewed regularly.”	Strategic	Investment strategy	Monetary information/ positive news information/ Not incorporated
C	“The Council has taken reasonable steps to ensure that funds relating to the contracts with the National Health Service have been properly expended on the purposes for which they have been provided ...”	Operational	Health and safety	Non-monetary information/ Partially incorporated
D	“Student recruitment has been very strong this year with a record intake of 17 000 students. Recruitment at the C campus has been particularly successful, which is welcome given that we had capacity for growth in terms of both teaching space and student accommodation. This is testament to the hard work of staff across the whole of the university and puts us on track to achieve our aspiration of 25% growth in student number by 2022-2023”	Operational	Student intake	monetary information/ non-monetary information/ forward looking information / positive news information/ incorporated
E	“The University has more than 13,000 students in approximately 44 partnerships across SADC and other international countries. Political, social and economic changes in the countries\regions in which partnerships are located are a risk to their continued operations. This risk is managed by continuous monitoring of political, social and economic developments in these countries\regions.”	Strategic	Sovereign or politics	negative news information / non-monetary information/ incorporated
F	“We engage in extensive outreach activities to support social mobility of young people from disadvantaged backgrounds. During 2017-18 we spent a total of R6.5m to support widening participation. Working with some 24 schools and colleges as part of our community engagement we have fostered good relationships with our local education partners in order to help pupils better understand the opportunities and career benefits that going to university can bring. We also allocate bursaries and scholarships to make education available to a wide section of the population”.	Operational	Social Contribution and Community support	monetary information/non-monetary information/ incorporated