University of Houston System
Annual Fraud Prevention and Awareness Report
Fiscal Year 2026

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The Audit Committee Planner, Item No. 5.05, requires the Committee to evaluate management's identification of fraud risks, the implementation of fraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies. Listed below are the reports from each university.

University of Houston and UH System Administration

The annual online Department Fraud Risk Assessment Survey was completed by UH and UHSA departments in October 2026 to identify internal controls needing enhancement for fraud prevention and detection. In addition, an Institutional Fraud Risk Survey was completed by processing units and key offices that significantly affect campus operations to identify procedures within their units that may need improvement. Key offices included: Treasury, Accounts Payable, Accounting Services, Financial Computing, Human Resources, Procurement, Payroll-Tax, and Information Technology. To ensure ongoing vigilance in fraud prevention and detection, annual fraud risk surveys are deployed to confirm and reaffirm the responsibilities of administrators and unit heads.

All UHS employees are required to complete the online Ethics, Compliance, and Fraud training during October-November 2026. This mandatory training is designed to raise awareness of appropriate and inappropriate behavior, encourage compliance, and facilitate the prevention, detection, and reporting of suspected non-compliance and fraudulent activity.

The Jaggaer e-Procurement system has now been fully implemented. The system provides several key benefits: real-time monitoring of procurement transactions and spend analysis, comprehensive audit trails with automated workflows, and segregation of duties achieved by defining roles and setting up permissions based on the type of purchases. Existing processes for Concur, P/T Cards, and PaymentWorks remain unchanged.

UH Finance maintains a link to Fraud and Institutional Compliance frequently asked questions on the Finance home page (www.uh.edu/office-of-finance), which includes instructions for reporting suspected fraud and non-compliance through the telephone hotline or web link.

University of Houston – Clear Lake

The University of Houston – Clear Lake ("UHCL") continues to strengthen its fraud prevention and awareness initiatives through comprehensive risk assessment, enhanced monitoring controls, and mandatory training programs.

UHCL conducted a comprehensive FY2026 Fraud Risk Survey to assist colleges and divisions in evaluating internal controls and assessing fraud risk. Each unit head was required to certify completion of the annual survey, reinforcing accountability for fraud prevention and detection.

Processing departments—including Accounts Payable, General Accounting, Procurement and Contracts, Human Resources, and Payroll—identify and mitigate risk through systematic review processes designed to detect and prevent fraud. Accounts Payable audits all payment vouchers and travel expense reports for accuracy, while Procurement Card ("P-Card") and Travel Card ("T-Card") transactions are reviewed to ensure appropriateness and proper documentation. Questionable transactions receive additional scrutiny, and any cardholder violations are reported to department management in accordance with UHS and UHCL policies. To support compliance, Business Operations has developed quick-reference guides for P-Cards, T-Cards, and voucher processing.

Mandatory and role-based training remains a critical component of UHCL's fraud mitigation efforts. All employees complete Compliance and Ethical Conduct training during October and November 2026. Faculty and staff who initiate, recommend, or approve purchases or contracts are required to complete Conflict of Interest and Procurement training. P-Card and T-Card applicants must successfully pass a criminal history investigation, complete initial training prior to card issuance, and participate in annual refresher training to maintain compliance.

University of Houston – Downtown

The University of Houston – Downtown ("UHD") continues to strengthen its fraud prevention and awareness initiatives through comprehensive risk assessment, enhanced monitoring controls, and mandatory training programs.

UHD conducted a comprehensive FY2026 Fraud Risk Survey to assist colleges and divisions in evaluating internal controls and assessing fraud risk. The survey is designed to identify internal controls within each department that may need to be strengthened prevent and detect fraud, and to remind administrators and department heads of their responsibility to remain vigilant in fraud prevention and detection. Each unit head was required to certify completion of the annual survey, reinforcing accountability for fraud prevention and detection.

Survey completion responsibilities are distributed across key administrative roles. The Executive Director for Administration and Finance oversee business functions for Administration and Finance, Human Resources, the Office of the President, Student Success and Student Life, and Advancement and University Relations. The Executive Director of Provost Business Operations for Academic Affairs is responsible for the administrative components of Academic Affairs, including the Office of the Provost and Continuing Education (excluding colleges). Directors of Operations for Enrollment Management and each of the colleges are responsible for completing the surveys for their respective areas.

The Accounts Payable (AP) department audits every voucher to ensure that the amounts paid were legitimate and correct. The payments must be made in accordance with appropriate contracts and purchase orders which comply with State, UHD, and UHS policies. AP analysts who perform audits receive specialized training to detect potentially fraudulent, incorrect, or inappropriate transactions. These findings are reported to AP department management for further review.

To ensure continued compliance and improve effectiveness, the Concur system which is used for University travel, is actively monitored by AP and the Travel office within the Administration and Finance division. Built-in UHD specific internal rules within Concur help enforce policy compliance for travelers and are overseen by the purchasing department within Administration and Finance division. Designated UHD Concur Administrators within the AP and Travel office play a critical role in mitigating submission errors and workflow disruptions, as well as providing ongoing support and oversight to maintain system integrity.

UHD has specifically designated positions in its Purchasing Department that are responsible for oversight of the P-Card program. Anomalous P-Card charges are subject to review by multiple levels of management. Based upon the severity or repetition of the violation, disciplinary action may include: e-mail or verbal warning to the cardholder and respective supervisor, mandated cardholder retraining and card suspension, card cancellation, reimbursement of P-Card charges from the cardholder, and/or termination of employment from the University.

Upon an employee's separation from the University, the Executive Director of University Services (Purchasing) is notified to initiate the return of the P-Card as part of the clearance process. The Accounting Department, within the division of Administration and Finance, is also notified. The University Property Manager is a designated signer on the Employee Separation Clearance Form, ensuring that all University property assigned to the departing employee, such as equipment loans during their tenure, is returned prior to their departure.