PEER MISSISSIPPI
Joint Legislative Committee on Performance Evaluation and Expenditure Review

Issue Brief: A Review of the Financial Sustainability of MAGCOR Industries

Report Highlights | Issue Brief #733 September 1, 2026

Background

The Mississippi Prison Industries Act of 1990 created a nonprofit corporation, known as the Mississippi Prison Industries Corporation (MPIC), to operate the prison industries program independently from, but in cooperation with the Mississippi Department of Corrections (MDOC). In 2021, MPIC filed a certificate of amendment to change its business name to MAGCOR Industries.

MISS. CODE ANN. Section 47-5-533 (1) (1972) states that its mission is to provide inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing recidivism (i.e., re-incarceration of inmates). MAGCOR's goal is to provide skill training, work experience, and reentry services to offenders in MDOC custody. MAGCOR programs use inmate labor to manufacture products and services for purchase by state agencies, local governments, educational institutions, and private entities as authorized by state law.

MAGCOR is a nonprofit entity treated as a component unit of the State of Mississippi for financial reporting purposes. MAGCOR is structured to fund its operations from proceeds of prison industry product sales and grant funding. Therefore, it does not receive a general fund appropriation from the Legislature.

Key Findings

- MAGCOR's audited financial statements show it experienced a net loss of approximately $2.3 million in FY 2024 and a net loss of approximately $2.9 in FY 2025. Further, MAGCOR's external auditors noted for FY 2025 its economic dependency on three customers that comprised approximately 37% of its annual sales.
- MAGCOR lacks a documented system of internal controls currently in place. Rather, MAGCOR relies on its external comptroller and independent auditors for internal controls when it is ultimately the responsibility of MAGCOR management. This lack of internal controls has resulted in at least one documented instance of fraud and abuse.
    - Each of MAGCOR's two independent auditors contracted from FYs 2022 through 2025 identified material weaknesses (e.g., a deficiency, or combination of deficiencies, in internal controls over financial reporting in MAGCOR's internal controls over financial reporting).
- PEER identified other issues that could inhibit MAGCOR from being transparent in its structure and its ability to make management decisions regarding cash flow and profitability through the use of outdated and inaccurate financial information, including:
    - a lack of timeliness of the recording of significant financial transactions;
    - a lack of a fixed asset listing and depreciation schedule; and,
    - deficiencies in Mississippi Secretary of State annual reports.

Summary of Report Recommendations

1. MAGCOR should periodically evaluate its work programs and activities to balance making a profit and to ensure it offers skills that effectively prepare inmates for high-demand employment opportunities upon release.
2. MAGCOR's Board of Directors should approve and formally adopt a comprehensive policy for the implementation of proper internal control procedures.
3. MAGCOR should consider hiring a full-time, in-house senior level employee charged with the responsibility for the organization's accounting and financial operations and processes, potentially resulting in an overall cost savings in lieu of the current contractual expenditures for an external comptroller.

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