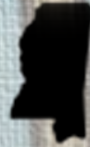


# MISSISSIPPI



## SHAD WHITE STATE AUDITOR

*Compliance Analysis of the Mississippi  
Board of Contractors*

**Logan Reeves**

Director

*Government Accountability Division*

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April 2026

## **Executive Summary**

The Mississippi State Board of Contractors was established in 1952 and is governed by Miss. Code Ann. § 31-3-3.<sup>1</sup> The Board serves as the state's contractor licensing authority and also distributes construction education grants to various educational institutions. In FY 2025, the Board issued 1,602 new licenses, with 12,788 active licenses in the state as of February 2026. The Board consists of ten members and employed 17 staff in FY 2025.

In accordance with Miss. Code Ann. § 7-7-211(b), the Office of the State Auditor has completed this limited compliance and internal control analysis of the State Board of Contractors for the period July 1, 2024 to June 30, 2025. In this analysis, auditors developed an understanding of the Board's internal controls, assessed control risk, and performed tests of compliance with applicable laws, regulations, contracts and agreements related to contractual services, commodities, travel, surety, bonds, bank accounts, and procurement. Additionally, auditors performed operational analyses of the Board's total expenditures, vendors purchased used for procurement card purchases, travel expenditures, and the Board's usage of state vehicles in FY 2025. As a result of these analyses, OSA recommends the State Board of Contractors:

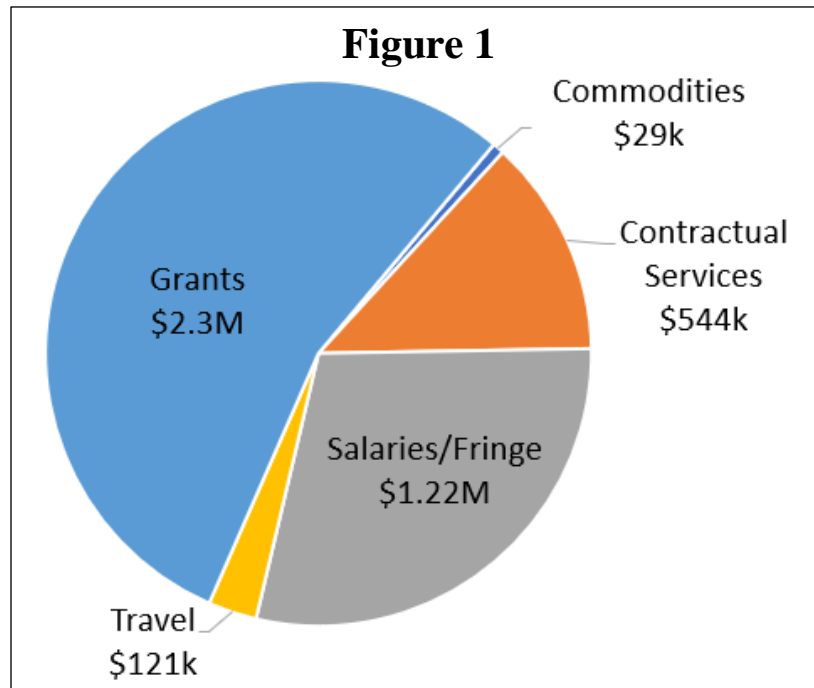
- 1. Establish a grant administration and monitoring process for the Construction Education Fund.**
- 2. Ensure all items purchased with a state procurement card are fairly and reasonably priced and, for items subject to state contract pricing, not priced above the state contract price.**
- 3. Ensure the Board's blanket bond coverage is for a definite term to align with state law.**
- 4. Develop policies and procedures to ensure it uses the most cost-effective transportation method when a vehicle is required to conduct state business.**

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<sup>1</sup> See Miss. Code Ann. [§ 31-3-3](#).

## Analysis

In FY 2025, the Legislature appropriated \$4,310,050 to the State Board of Contractors, all of which came from special funds primarily generated from licensing fees collected by the Board.<sup>2</sup> As of June 2025, the Board had accumulated a cash balance of \$3.7 million.<sup>3</sup> Of its expenditures in FY 2025, 55% of reported spending was on grants to construction education entities, 29% on salaries and fringe benefits, 13% on contractual services (e.g. postage, advertising, and rent), and 4% on travel and commodities.<sup>4</sup> Figure 1 shows a breakdown of the Board's reported expenditures.<sup>5</sup>



As shown in Figure 1, over half the Board's FY 2025 spending was on grants to construction education entities. The Board is statutorily authorized to use the money it collects from licensing fees in this way. The Board should engage in greater oversight over grant funds. For example, the Board should have formal policies or procedures to solicit or make grant awards and should use financial records from its grantees to substantiate spending or grant outcomes.

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<sup>2</sup> See [SB 3031](#) (2024).

<sup>3</sup> See [resource](#).

<sup>4</sup> Ibid.

<sup>5</sup> See [resource](#).

The Board spent over \$15,000 on procurement cards in FY 2025. This procurement card spending mostly fit into the commodities and contractual services categories in Figure 1. Of its procurement card spending, over 40% was paid to Amazon to purchase office supplies like paper towels, document scanners, and ink/toner cartridges. Other procurement card expenditures included 23% at restaurants, 16% on online services like Constant Contact and Zoom, 8% on organizational memberships, 8% at other retail stores on miscellaneous supplies like tools and trash cans, and 4% on other services like postage and tablecloth dry cleaning. Figure 2 shows the Board's procurement card expenditure breakdown by category.

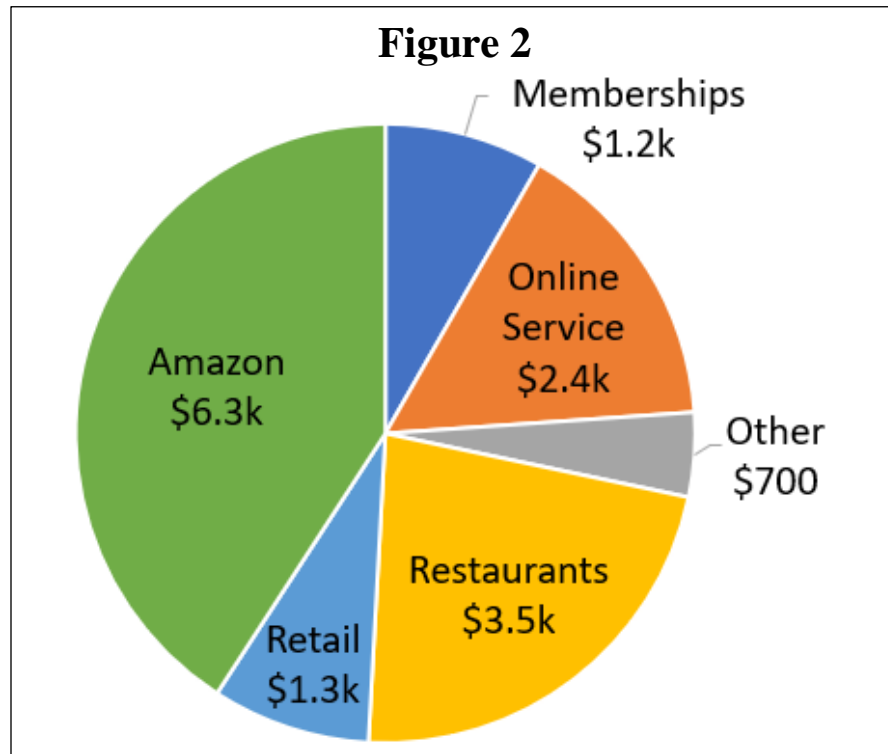


Figure 3 shows the Board's reported travel expenditures reimbursed to board members and staff in FY 2025.<sup>6</sup> Reimbursement for private vehicle mileage was the largest type of travel expenditure, with over \$100,000 spent. Lodging was the second-largest travel expenditure at almost \$7,000. Of total travel expenditures, 90% was spent on in-state travel, and 10% on out-of-state travel to conventions and meetings. Nearly 95% of the Board's travel expenditures were spent on behalf of staff, and the remaining 5% was spent on behalf of board members.

<sup>6</sup> Figure 3 does not include \$8,516.87 that the Board spent using travel procurement cards in FY 2025.

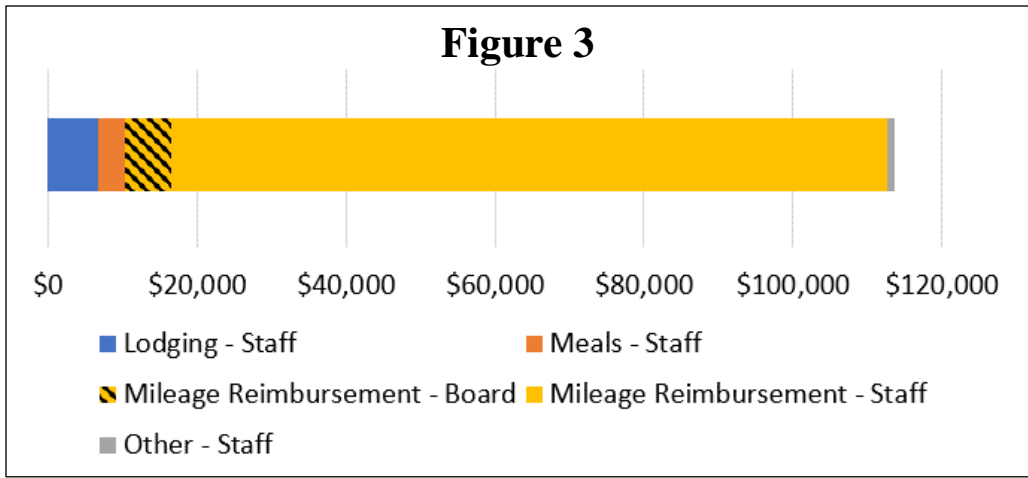
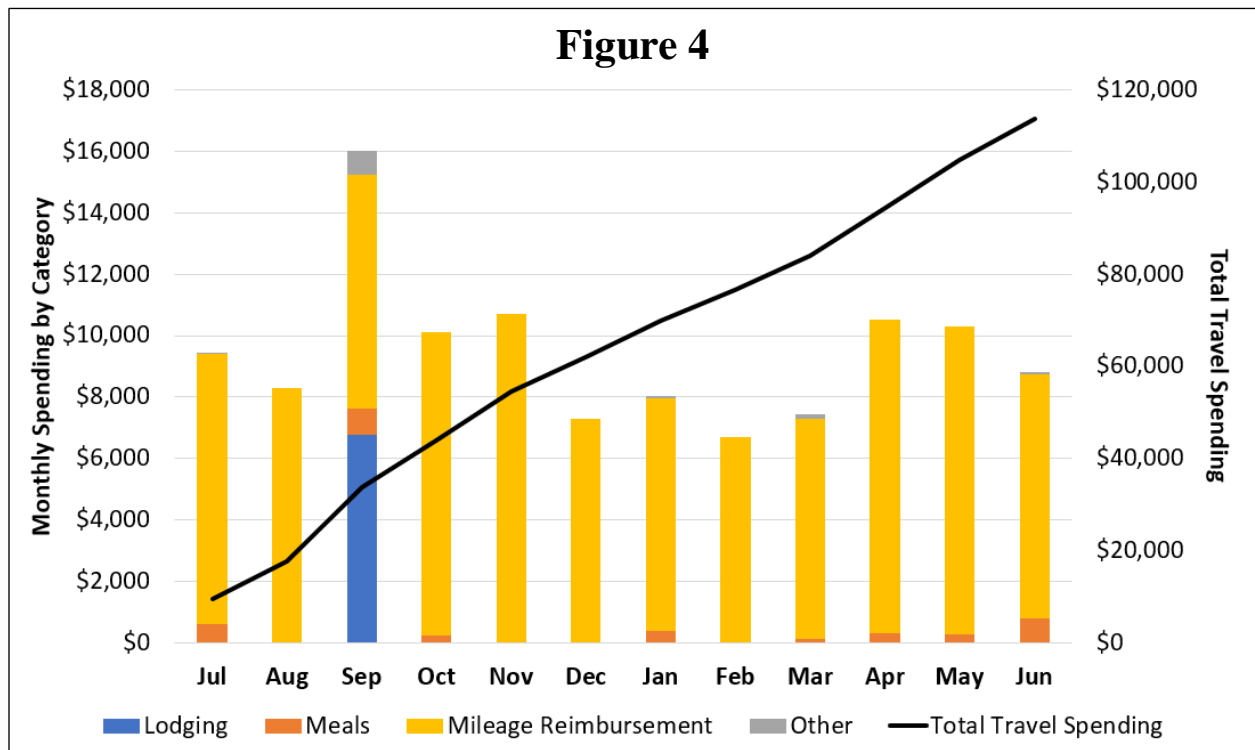


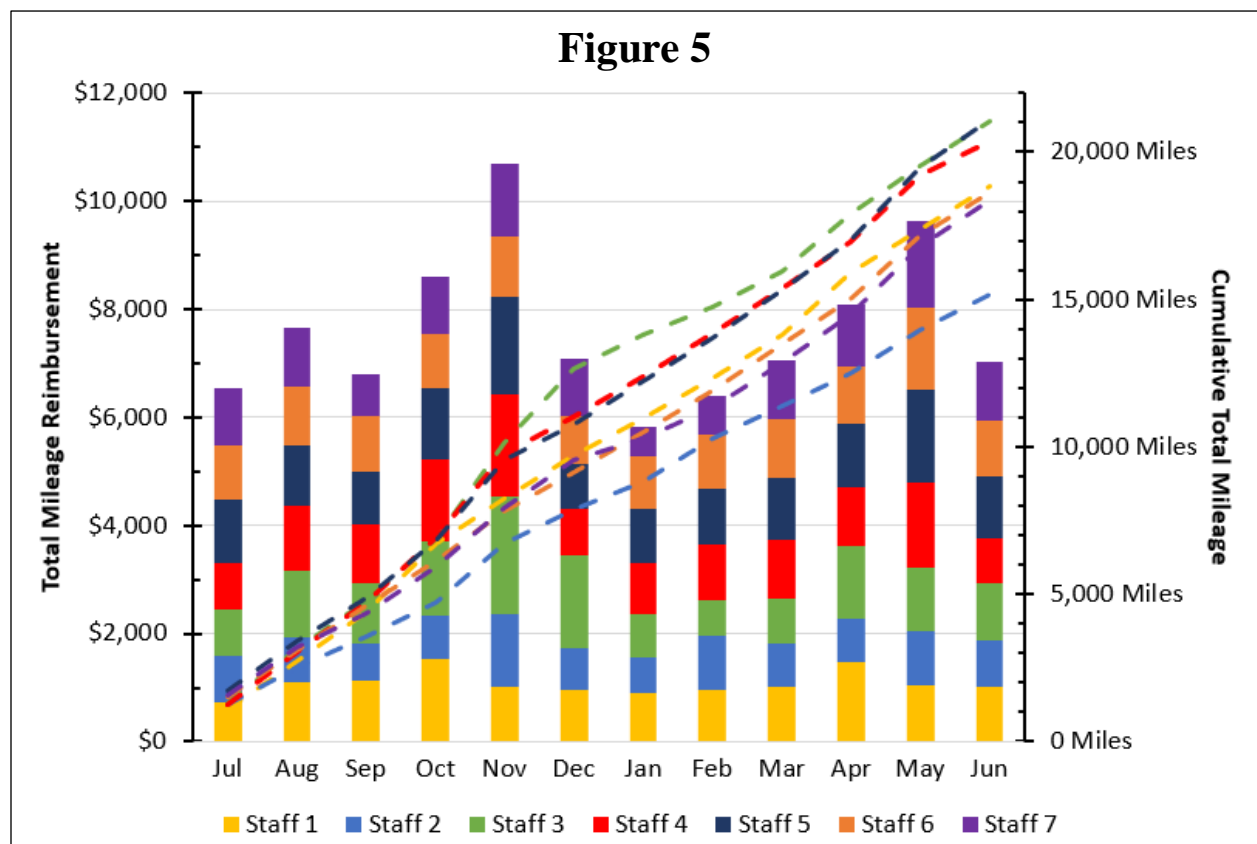
Figure 4 shows the FY 2025 monthly breakdown of travel expenditures by category.<sup>7</sup> Reimbursement for private vehicle mileage was the largest expense type in every month. Except for September, monthly travel expenditures averaged \$8,900. Total travel expenditures peaked in September when staff members attended a conference in Virginia, which was also the only month with lodging expenses.



<sup>7</sup> Ibid. Of the categories used, *Other* includes “other in/state travel costs,” “other out/state travel expense,” “travel o/s prior exp repayment,” “travel out/state advance,” and “travel reimbursable commodities.” *Meals* includes “taxable meals,” “taxable instate meals,” and “travel out/state meals.” *Lodging* includes “travel instate lodging,” “travel o/s, prior exp lodging,” and “travel out/state lodging.” *Mileage Reimbursement* includes “travel instate private vehicle” and “travel out/state private vehicle.” Per diem was excluded from all calculations made.

In FY 2025, the Board operated one state vehicle, a Dodge truck acquired in 2016. This vehicle traveled approximately 470 miles and consumed 40 gallons of fuel last fiscal year, and it has traveled approximately 29,000 miles since the Board acquired it.<sup>8</sup> This usage is below the minimum usage threshold for state vehicles established by the Department of Finance and Administration (DFA) Bureau of Fleet Management of 15,000 miles per year.<sup>9</sup> Further, the truck is designated as a pool vehicle, which means there were likely times staff members should have been paid a lower mileage reimbursement established by the DFA Travel Manual.

While the Board's state-owned truck was not driven enough to justify being purchased, several staff members were reimbursed for driving thousands of miles in personal vehicles for state work. Figure 5 shows the total reimbursement paid to and mileage driven by the staff members who drove over 15,000 miles while conducting state business in FY 2025. The columns reflect money paid to these staff for mileage reimbursement, and the dotted lines show the cumulative total mileage driven by these staff throughout the fiscal year.

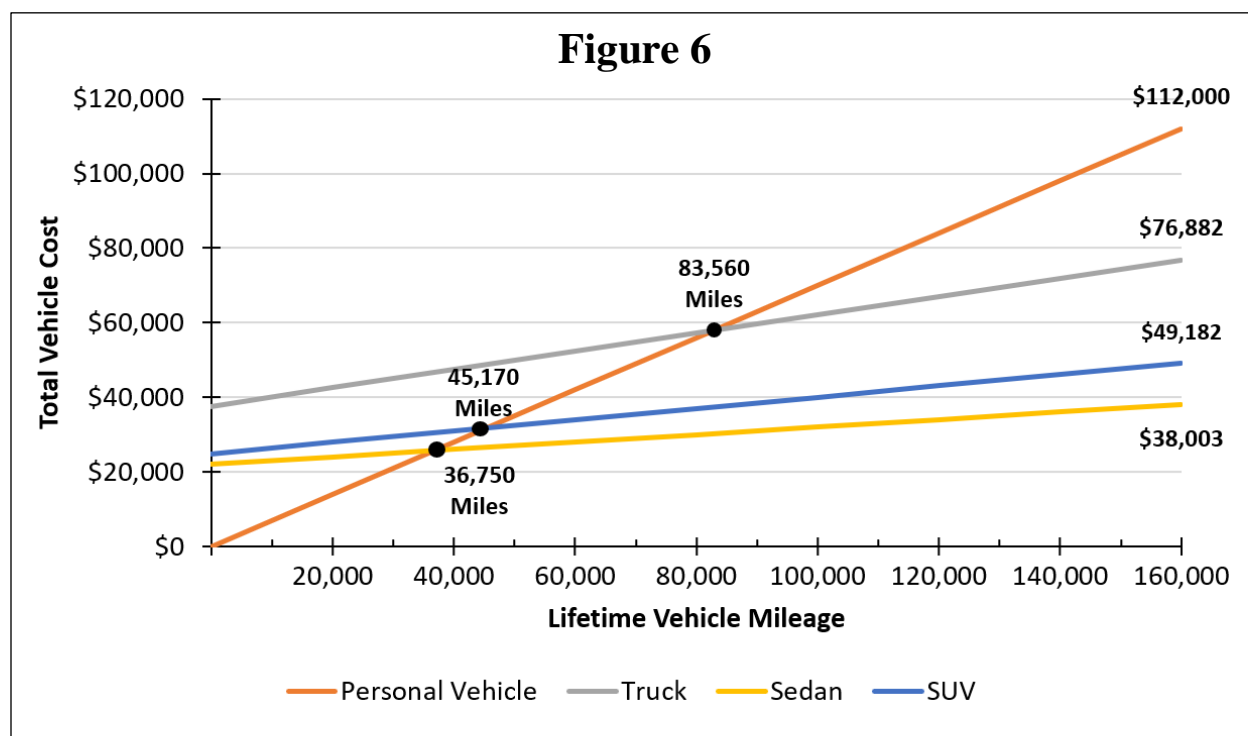


<sup>8</sup> Total mileage was calculated from travel logs. Fuel consumption was compiled from Fuelman statements.

<sup>9</sup> See [DFA Fleet Manual Section 3.101.01](#).

Six of the seven staff members were reimbursed for driving their personal vehicles over 18,000 miles while conducting state business, and three were reimbursed for driving over 20,000 miles while conducting state business. On average, the seven staff shown in Figure 5 were paid \$1,088 each month in FY 2025 for using their personal vehicles to conduct state business while the average new car payment during that time was \$750.<sup>10</sup>

Figure 6 compares the total per-mile taxpayer cost for personally-owned and taxpayer-owned vehicles and shows the breakeven point for operating each type of vehicle.<sup>11</sup> Assuming Board staff members continue driving to conduct state business at the same rate they did in FY 2025, taxpayers would realize savings from operating a state-owned sedan in less than 2 years, a state-owned SUV in 2.5 years, and a state-owned truck in 4 years if such a vehicle was purchased by the Board.<sup>12</sup>



When considering whether to purchase vehicles for staff as a cost-savings measure, the Board should evaluate its continued ownership of the Dodge truck. It was capitalized nearly 10 years ago and has been used sparingly since its purchase.

<sup>10</sup> See [resource](#).

<sup>11</sup> Analysts used the 2025 mileage reimbursement rate to generate “Personal Vehicle” cost. To generate prices for “Truck;” “Sedan;” and “SUV,” analysts used state contract prices, the respective vehicle’s average fuel economy, the average price of gasoline in 2025, and the average maintenance cost of newer-model state-owned vehicles.

<sup>12</sup> This claim assumes an average annual mileage of 20,000 miles.

## Findings

**Finding 1:** The Board of Contractors distributes money each year via grants from the Construction Education Fund to various educational entities to promote construction education initiatives across the state. State law requires the Board to ensure the grant money is properly spent and not commingled with other funds held by recipients. Upon analysis and discussion with Board staff, analysts determined:

- The Board does not review any individual expenditures to ensure money was spent to promote construction education and craft training as required by law.
- The Board does not have a process to ensure grant funds were not commingled by recipients as required by law.
- The Board does not execute a grant agreement specifying what grantees are required to do with funding nor do they utilize metrics to measure program success.

**Applicable Law(s) & Regulation(s):** Miss. Code Ann. § 31-3-14 states "The board shall ensure that the monies distributed from this fund are properly spent to promote construction education and craft training in programs in the state which are approved by the board."

"[Entities] receiving funds pursuant to this section for construction education or construction craft training programs shall utilize such funds only for construction education and craft training curricula and program development, faculty development, equipment, student scholarships, student assistantships, and for continuing education programs related to construction education and craft training. Such funds shall not be commingled with the normal operating funds of the educational institution, regardless of the source of such funds."

**Recommendation:** OSA recommends the Board establish grant administration and monitoring procedures for Construction Education Fund spending. At minimum, such procedures should include policies requiring grantees to submit basic bank and financial records to be reviewed by Board staff or contractors. Robust grant administration and monitoring procedures will ensure these grant funds accomplish the statutory purpose and grantee spending meets other legal requirements.

**Finding 2:** State regulations provide guidelines on using procurement cards to make small purchases to support an Agency's mission. Upon review of sampled procurement card purchases by the Board, analysts determined:

- The agency used its procurement card to purchase 60 paper towel rolls from Amazon for \$207.79, which included a shipping and handling fee of \$145.99. The shipping and handling fee was more than twice the cost of the items. The pre-negotiated state contract for paper towels was \$52.46 for 60 paper towel rolls of the same type.

**Applicable Law(s) & Regulation(s):** *Section II of the State Procurement Card Guidelines, states, "The following are the minimum requirements for use of the Procurement Card Program. Individual agencies may decide to implement stricter or additional requirements. Agencies should develop written policies and procedures to present to cardholders before receipt of the procurement card:*

- (2) Assure that the prices paid are fair and reasonable.
- (6) Assure that state contract items are purchased only from the state contract vendor at or below the state contract price."

**Recommendation:** OSA recommends the Board ensure all transactions made with the procurement card are fair and reasonably priced, and minimize purchases made when the item's cost exceeds the state's contract price. On a case-by-case basis, purchasing state contract items from non-contract vendors when the purchase price exceeds the contract price may be allowable if extenuating circumstances (such as a need to receive the items expediently or an existing backlog on state contract supply) apply.

**Finding 3:** State law requires certain public employees to have surety bonds covering employment or work on behalf of taxpayers. Surety bonds are like insurance for taxpayers against fraud and misappropriation. During the review, analysts determined the Board's blanket bond policy covers an indefinite term instead of a normal four-year term, which could limit the recoverability of stolen or misspent taxpayer money.

An indefinite surety bond term covers a specific amount over the length of the policy while a per-term surety bond covers a specific amount for a specific length of time. For example, compare two \$25,000 surety bonds—one with an indefinite term and another with a four-year term, and assume \$50,000 of taxpayer money was stolen or misappropriated by a bonded individual between December 2023 and January 2024. The indefinite term would only cover \$25,000 while two individual four-year term bonds would cover the entire \$50,000 taxpayer loss.

**Applicable Law(s) & Regulation(s):** Miss. Code Ann. § 25-1-15(4) states, "All blanket bonds given on positions of public employment shall be conditioned upon the faithful performance of all the duties of the positions covered and insured by said blanket bond. A new bond in an amount not less than that required by law for public employees shall be secured at the beginning of each new term of office of the public or appointed official by whom they are employed, if applicable, or at least every four (4) years concurrent with the normal election cycle of the Governor."

**Recommendation:** OSA recommends the Board ensure its blanket bond's coverage is for a definite term to align with state law.

**Finding 4:** The Board owns one state-owned vehicle, which is designated as a pool vehicle available for Board staff to use any time. State regulations require agencies to use a reduced mileage reimbursement rate for employees who choose to operate privately owned vehicles when a pool vehicle is available. However, the vehicle was used for minimal travel while Board staff were paid full mileage reimbursement for driving privately owned vehicles. The Board does not have established written travel guidelines detailing the agency's reimbursement procedures and access to its state vehicles.

The current mileage reimbursement rate for travel in a private vehicle is \$.73 per mile. If a state-owned vehicle is available but a private vehicle is still used, the reimbursement rate is \$.21 per mile. Using today's reimbursement rate and the highest mileage reimbursed by the Board last year—approximately 21,000 miles—the Board would likely save approximately \$11,000 in a year.

**Applicable Law(s) & Regulation(s):** *State Travel Policy Rules and Regulations, Section 3, 107(A) Travel Routing*, states "Whether by public transportation, privately owned vehicles, state-owned vehicles, etc., reimbursement will be made for the most direct practical route. The least expensive and most practical method of transportation should be used."

*State Travel Policy Rules & Regulations, Section 109(A), Private Vehicle Used for State Business*, "Entities must establish in-house guidelines that are consistent with OPTFM policy in their agency travel manual for mileage reimbursements of private vehicles submitted to DFA on travel vouchers. These guidelines should address procedures used to determine if government-owned vehicles are available or not."

**Recommendation:** OSA recommends the Board develop policies and procedures to ensure it uses the most cost-effective transportation. The Board should work with DFA to purchase vehicles or acquire underutilized vehicles from other agencies to maximize the cost-effectiveness of employee travel while conducting state business.

TONY CARROLL  
Chairman  
Amory

THOMAS KLINE  
Fulton

MICHAEL C. ROZIER, JR  
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TIMOTHY C. ALLRED  
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GREG SMITH  
Gulfport



HUNTER L. FORDICE  
Vice-Chairman  
Vicksburg

TYLER NORMAN  
Meridian

O.L. SIMS  
Hattiesburg

MADISON H. SMITH  
Tupelo

NORRIS LEE CARSON, JR.  
Carthage

**MISSISSIPPI**  
**State Board of Contractors**

April 29, 2026

Shad White, State Auditor  
Mississippi Office of the State Auditor  
501 North West Street  
Suite 801, Woolfolk Building  
Jackson, Mississippi 39201

Re: Compliance Analysis of the Mississippi State Board of Contractors

Dear Auditor White,

The Mississippi State Board of Contractors (MSBOC) appreciates the review conducted by the Office of the State Auditor and the opportunity to strengthen internal controls and operations practices. The Board takes these findings seriously and is committed to implementing corrective actions to ensure full compliance with applicable laws and best practices. Below are responses and our corrective action plan to the Fiscal Year 2025 Compliance Review Findings for MSBOC.

Finding 1: Grant Administration and Monitoring – Construction Education Fund

Response: MSBOC acknowledges the need to enhance grand administration and monitoring processes. While the Board has historically distributed funds in accordance with statutory authority and longstanding relationships with educational partners, we recognize that additional structure and documentation would benefit compliance and program effectiveness.

Corrective Action: MSBOC is working to develop additional formal grant policies and procedures governing the application, evaluation, award, and monitoring processes, while also considering the implementation of standardized grant agreements to clearly define allowable uses of funds, reporting expectations, and compliance obligations, including safeguards such as the non-commingling of funds. At the same time, the Board is evaluating the most effective approach to requiring periodic financial and programmatic reporting, including appropriate supporting documentation, from all grantees. Staff will

continue to assess the role of periodic reviews and/or site visits, as appropriate, to support compliance with statutory requirements.

#### Finding 2: Procurement Card Purchases

Response: MSBOC concurs with the finding regarding procurement card usage and recognizes the importance of ensuring purchases are both necessary and cost-effective. The instance identified does not reflect the Board's intent. After further review, this appears to be an isolated incident in which an incorrect shipping method was selected, resulting in excessive cost.

Corrective Action: The matter has been addressed directly with the employee and documentation has been placed on file with clear instruction to carefully evaluate all future purchases to ensure alignment with agency policies, Department of Finance and Administration (DFA) guidelines, and best practices for fiscal responsibility.

#### Finding 3: Blanket Bond Coverage

Response: MSBOC acknowledges the issue identified regarding the term structure of its blanket bond coverage and appreciate the clarification provided by OSA.

Corrective Action: MSBOC will work with its insurance provider to convert to a definite term, consistent with statutory requirements.

#### Finding 4: Travel Policies and State Vehicle Usage

Response: MSBOC recognizes the need to improve policies governing travel and vehicle usage to ensure cost efficiency and compliance with state travel regulations.

Corrective Action: The current state vehicle was originally acquired to support disaster response efforts and continues to be used primarily for that purpose. It has been well maintained and remains in good condition to support its intended use. Moving forward, the agency will examine the feasibility of acquiring additional state vehicles to help reduce reliance on personal vehicle mileage reimbursement where it is determined to be cost-effective. This evaluation will also take into account the requirement for legislative approval for new vehicle acquisitions, recognizing that such approval can be difficult to obtain.

Sincerely,



Stephanie Lee  
Executive Director