



Telecom Order CRTC 2026-189

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Gatineau, 28 July 2026

External audit of Broadband Communications North Inc.

Summary

Through the Broadband Fund, the Commission contributes to a broad effort by federal, provincial, and territorial governments to connect underserved rural, remote, and Indigenous communities across Canada to high-quality Internet and cellphone services. To date, the Commission has allocated approximately \$783.7 million to projects that provide Internet or cellphone services to over 54,000 homes in more than 320 communities. The Broadband Fund has also helped improve cellphone service on over 650 kilometres of major roads and supported the building of nearly 6,000 kilometres of fibre across the country.

The National Contribution Fund collects contributions from large telecommunications service providers and is administered by the Central Fund Administrator (CFA). Part of these contributions is then used to fund the Broadband Fund. Companies whose projects have been supported through the Broadband Fund are reimbursed by submitting receipts to the CFA for costs they have incurred in the course of completing a project.

In response to potential financial irregularities, the Commission appointed an independent external auditor to review Broadband Communications North Inc.'s (BCN) compliance with conditions of funding for a project to maintain and improve satellite capacity for Barren Lands, Lac Brochet, Pukatawagan, Shamattawa First Nation, and Tadoule Lake in northern Manitoba.

The external auditor found that BCN was non-compliant with a specific condition of funding and that it was over-reimbursed for its satellite project in northern Manitoba. The Commission is therefore providing notice to the CFA of the over-reimbursement and of the non-compliance. As a result of addressing the over-reimbursement, the Commission is also directing the CFA to make an additional payment to a vendor whose services support BCN's project in northern Manitoba. This additional payment maintains the overall balance of funding approved by the Commission for BCN's project.

A dissenting opinion by Commissioner Ellen C. Desmond, K.C. is attached to this order.

Background

1. In October 2024, the Commission appointed an independent external auditor to review the compliance of a Broadband Fund recipient, Broadband Communications North Inc. (BCN), with its conditions of funding for a project, as set out in Telecom Decision 2020-256. This was done in

response to potential financial irregularities that were identified by one of BCN's vendors (the Vendor).

2. In July 2025, the independent external auditor submitted a report to the Commission. The report found that BCN was non-compliant with a specific condition of funding. The report also identified that, between the Commission's funding and a third party's funding, BCN had been over-reimbursed for the project.
3. The Commission provided BCN with the independent external auditor's report and an opportunity to comment. BCN responded with its own analysis. During this process, Commission staff reviewed and addressed BCN's response, met with BCN to explain the audit findings, and responded to BCN's questions.

Commission's analysis

4. The Commission has reviewed the independent external auditor's report and BCN's response to the report. Based on this review, the Commission accepts the finding that BCN was non-compliant with a specific condition of funding.
5. The Commission also accepts the finding that BCN received third-party funding that resulted in an over-reimbursement for the project. In light of this, the Commission approves an adjustment to its rate of reimbursement for this project. As a result of this adjustment, the Commission approves an additional payment to the Vendor to reflect the approved rate adjustment.

Conclusion

6. In light of the above, and pursuant to article 7 of the Amended and Restated National Contribution Fund Administration Agreement (as appended to Telecom Decision 2019-382), the Commission gives notice to the Central Fund Administrator (CFA) of the independent external auditor's finding of non-compliance constituting a Broadband Recipient Event of Default. The Commission also notifies the CFA that the over-reimbursement to be returned to the National Contribution Fund represents a default amount of \$701,422. The CFA may pursue one or more of the remedies available to it under Telecom Decision 2019-382 to address the overpayment. The Commission directs the CFA to make an additional payment of \$248,611.92 to the Vendor, in accordance with the approved rate adjustment.

Secretary General

Dissenting opinion of Commissioner Ellen C. Desmond, K.C.

1. The Commission operates the Broadband Fund, a program launched in 2019 to help close the digital divide in Canadian communities by funding high-speed Internet and mobile service infrastructure projects.
2. The Broadband Fund is funded by mandatory contributions from large Canadian telecommunications service providers. The monies, once collected, are administered by the Central Fund Administrator (CFA) and disbursed as directed by the Commission. Using a competitive call process, funding is provided to eligible recipients. The Commission maintains rigorous oversight of this program.
3. Broadband Communications North Inc. (BCN) is a not-for-profit Indigenous Internet service provider operating in rural and remote Manitoba. As a result of Telecom Decision 2020-256, the Commission approved BCN's funding application to maintain and improve satellite capacity for five rural and remote communities in Manitoba, namely Barren Lands, Lac Brochet, Pukatawagan, Shamattawa First Nation, and Tadoule Lake. At that time, a total maximum amount of \$9.7 million to subsidize satellite operational costs was awarded.
4. By virtue of Telecom Order 2021-133, BCN's statement of work was also approved, setting out conditions of funding. Paragraph 4 of that order stated as follows:

Provided that BCN complies with all conditions of funding set out in Telecom Decision 2020-256, constructs the project as described in Schedule A: Statement of Work, and complies with all procedural requirements to submit reports, invoices, and requests for funding, the Commission will direct the Central Fund Administrator to make payments to BCN in respect of the project. Failure to comply with these conditions and requirements could result in funding being delayed or not being disbursed.
5. Funding for the BCN project commenced in 2021 and continued in the normal course for over three years. More recently, funding irregularities were identified by one of BCN's vendors. This led to the Commission appointing an independent external auditor (the auditor) to investigate whether BCN was in compliance with its funding conditions.
6. In July 2025, the auditor submitted a report to the Commission, which identified that BCN had been:
 - a) non-compliant with a specific condition of funding; and
 - b) over-reimbursed for its project.
7. BCN was provided with the opportunity to respond to this report and did provide its own analysis. The majority, having carefully considered the report, together with BCN's reply, accepts

the auditor's finding that BCN was non-compliant with a specific condition of funding. I agree with my colleagues on this point.

8. However, the majority have also determined that a rate adjustment should be made. The rate adjustment, in turn, leads to a result where:
 - a) the CFA is directed to make an additional payment of \$248,611.92 to BCN's vendor (which in turn reduces what the auditor identified as the amount of the over-reimbursement); and
 - b) the CFA is notified that there is a Broadband Recipient Event of Default, with a default amount of \$701,422.
9. With the greatest respect to my colleagues, I am not in agreement with the rate adjustment approach that has been taken. While I understand that the vendor should be fairly compensated for services provided, I do not agree that the Commission should reset its contribution to the project, which leads to an additional payment. All monies have otherwise been disbursed since 2021, in accordance with both Telecom Decision 2020-256 and Telecom Order 2021-133.
10. I also find that this approach is not in keeping with paragraph 4 of Telecom Order 2021-133, which provides that:
 - a) the CFA will be directed to make payments, **provided all funding conditions have been met**; and
 - b) that failure to comply could result in funding being delayed or not being disbursed.
11. Given the wording of this order and given that funding conditions have not been fully met, no further payments should be made at this time.
12. I recognize the importance of ensuring that rural and remote regions have consistent and reliable Internet service. This is a Commission priority. At the same time, the Commission has an obligation to act with prudence when disbursing these funds.
13. In my view, it would be more appropriate to not adjust the Commission's rate of reimbursement for this project at this time. Instead, the Commission should direct the CFA to pursue one or more of the remedies available to it to seek reimbursement of the total amount, including the payment due to BCN's vendor.

Related documents

- *Broadband Fund – Acceptance of statement of work for Broadband Communications North Inc.'s Manitoba satellite project*, Telecom Order CRTC 2021-133, 16 April 2021

- *Broadband Fund – Project funding approval for Broadband Communications North Inc.'s Manitoba satellite project*, Telecom Decision CRTC 2020-256, 12 August 2020
- *Amended and Restated National Contribution Fund Administration Agreement, effective 1 January 2020*, Telecom Decision CRTC 2019-382, 28 November 2019