

About twelve months since I directed the Provincial Secretary to address a Letter to Mr. Wallace, of which I transmit a copy, and from that period the Treasurer furnished monthly the Accounts I required; with the prescribed Certificates appended to them; but Mr. Wallace's acquiescence in the propriety of the large surcharge above mentioned, indicating a consciousness on his part of great irregularities in the conduct of the business of his office, I summoned him before the Executive Council, to give all the explanation a transaction apparently so unsatisfactory in its nature might admit of; his answers to the enquiries there put to him being far from clear, I considered it proper to appoint a Commission, consisting of two Members of Council, to count the money in the Public Chest and examine the Books of the Department.

The Cash in the Chest was found to be more than sufficient to meet the balance due to the Province as it appeared in Mr. Wallace's Books, but on a very cursory examination of his Accounts, so many errors were detected that a strict examination of them became indispensable, which resulted in the confession by Mr. Wallace's Clerk, that the Treasurer had, in 1837, charged the Province with a larger sum as having been paid off by him on account of a portion of the Funded Debt, (which, by an Act of the Legislature, was required to be discharged,) than he had actually paid, thereby reducing the balance which he ought to have had in his keeping by the amount of £2,500.

Subsequent Defalcations various in amount were specified by the Clerk, and not denied by Mr. Wallace, and I consequently felt myself compelled to suspend that individual from the exercise of his official functions.

It has been impossible as yet to ascertain the precise amount of Mr. Wallace's deficiencies, but at present there is reason to hope they will not exceed from £5000 to £6000 Currency, or from £4000 to £4800 Sterling.

His assets, as they have been exhibited on behalf of his Sureties, may be estimated at somewhat below that sum.

Mr. Wallace gave security for £8000 Currency by a Bond entered into by himself for £4000 Currency, and by four Sureties in £1000 each. His Salary was £600 Currency, or £480 Sterling, out of which he paid £80 Sterling to a Clerk, and the expenses of his office for Stationery, amounting on an average to £40, reducing his actual receipts to about £360 Sterling per annum, and he might have had in his hands at one time monies to the amount of from £20,000 to £25,000 Currency.

I have made the best arrangements that circumstances have admitted of, for conducting, pro tempore, the business of the Treasury Office; but as it will be necessary to appoint a permanent successor to Mr. Wallace, it is requisite that previous to so doing, I should be made aware of Your Lordship's opinion as to the tenure by which the office should hereafter be held, in order that the person selected to fill it may, at the period of his nomination, understand precisely the position in which he is placed.

The Treasurer's salary is annually voted by the Legislature, and although no reduction has been made in the amount for several years, yet from time to time propositions to diminish it have been mooted in the House of Assembly, and this very necessary officer has always hitherto been dependent on the popular branch for his official income. I cannot but regard this state of things as prejudicial to the public interests, and I doubt not your Lordship will concur with me in thinking that the emoluments attached to the office of Treasurer, whatever their amount, ought to be permanently settled.

There are however other considerations connected with the filling up of this office, which are of greater importance than either the amount of the provision to be made for the occupant, or the permanency of that provision, to which I feel it my duty to call your Lordship's attention.

By my own observation and experience in the administration of the affairs of this Province