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The Influence of School Heads' Budgeting Capabilities on the Financial Health of Public Secondary Schools in Meru District Council, Arusha, Tanzania

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Abstract. *This study evaluated the influence of school heads' budgeting capabilities on the financial health of public secondary schools in Meru District Council, Arusha Region. The main objectives were: to explore the adequacy of budgeting skills among heads of public secondary schools and to examine the state of financial health of public secondary schools in Meru District Council. Employing a convergent parallel mixed methods design, the study targeted a population of 97 stakeholders, out of whom a sample of 37 respondents was selected for data collection. Data were gathered from 30 Heads of Schools using a questionnaire and interview guides from the district education officer and 6 school board chairpersons. Using SPSS-based Cronbach's test of validity and reliability, a threshold of 0.78 was obtained; therefore, the instruments were considered acceptable for data collection. Analysis integrated descriptive and inferential statistics for quantitative data, while thematic analysis was used for qualitative data. Pearson correlation coefficient was used to test the hypothesis, which revealed a significant positive relationship between budget management capabilities and financial health ($r = .505$, $p = .004$). The study found that heads of schools generally possess budgeting skills, and the schools were moderately financially stable. Despite challenges in debt management and cash reserves, the study recommends that there should be enhanced supervision, auditing, and resource allocation to improve financial accountability. The study concludes that heads' budgeting skills are crucial, but weak forecasting and revenue projection require ongoing training. Schools need better planning, diversified revenue, a very strong reserve, and improved debt control.*

Keywords: *Influence, School Heads, Budgeting Capabilities, Financial Health, Public Secondary Schools*

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1. Introduction

Financial management is the process of managing an organization's financial resources through planning, allocation of resources, control, and decision-making systems to maintain liquidity and solvency and improve performance and sustainability (Matare & Sreedhara, 2020). Financial management in schools involves strategic planning, budgeting, resource allocation, and oversight to ensure funds support teaching and learning goals while maintaining transparency (Furwasyih, 2023). It involves ensuring that funds are utilized transparently and in compliance with regulations. The heads of public secondary schools are required to have financial management skills, including problem-solving skills, communication skills, teamwork skills, and moral skills (Odide, 2021). Besides, the head of a secondary school is required to have abilities for allocating funds and maintain accurate records and documents related to revenue and expenditures. According to the guidelines provided by The Head of School's Guide Handbook section 3.1.2.3.5, "The school head (HoS) is the supervisor of office activities and the controller of school finance and property." This means the head of school is an accounting officer in charge of finance in consultation with the school management team and the school development boards.

Globally, school leaders are increasingly recognized not only as educational administrators but also as financial managers who must navigate complex budgeting, resource allocation, and financial reporting tasks (Nguyen & Tran, 2023). In the context of developing countries, the capabilities of school heads in financial roles are critical due to the reliance on diverse funding sources such as government allocations, parent contributions, and donor support. These financial responsibilities require school heads to possess competencies in budgeting, auditing, cost control, and adherence to financial regulations to ensure transparency and optimal use of funds.

For instance, in Zambia, secondary schools face challenges in managing financial resources due to limited funding and inadequate leadership skills among principals or heads of schools. Mbola et al. (2025) argued that this could be attributed to several factors, including limited resources, reforms in the education systems that impose rapid changes in the governance systems, high demand for managerial skills and operational autonomy, and lack of accountability by school managers in the utilisation of scarce school resources.

Capabilities of heads of public secondary schools in practicing financial management roles include mobilization of resources, setting priorities, resource allocation, budgeting, financial reporting or compliance, and monitoring of financial resources to support educational activities and institutions. Irsandi et al. (2024) argue that the capabilities of heads of schools involve ensuring that funds are used effectively and efficiently, contributing to the quality of education and the overall sustainability of educational organizations. The financial health and sustainability of a school depend on the collective efforts of all stakeholders; however, the primary responsibility for accountability lies with the school leadership (Sejdic, 2023). Successful school leadership requires competence in budgeting, financial management skills, and the ability to make sound financial decisions.

The education system in Tanzania has undergone various reforms focused on improving both accessibility and quality, including programs such as free basic education. The reforms have added more financially related responsibilities to heads of public secondary schools. Practices such as budgeting, accountability, controlling, reporting, and monitoring of financial resources are clarified as the responsibilities of the head of school in the circular No. 6 of 2015 and circular No. 3 of 2016, issued by the Tanzanian government.

Since heads of public secondary schools are responsible for financial resources management in Tanzania, they need training to perform financial management because they may not be well-versed in it. It is expected that heads of public secondary schools should be trained in financial management so that they can be effective in their financial management roles. This can be done by holding regular and specific capacity-building workshops, seminars and conferences, which can keep them updated on any emerging issues (Maige, Ruvahofi & Ogoti, 2024). However, the financial management capabilities of school heads in administering school finance remain a significant concern to them. Heads of schools seem not to be properly prepared to manage financial resources after being appointed to those positions. This contributes to the misappropriation of school finances and a lack of budgeting skills (Rupia & Musa, 2022).

A major obstacle that faces heads of schools in Meru district council and throughout Tanzania is that there is no specific training in financial management that is systematically provided to heads of schools. Although school administrators usually attain their roles because of their teaching experiences, they lack formal education in finance. Research suggests that many school leaders are not adequately informed about essential financial processes such as budgeting, auditing, and financial reporting (Mushi & Kweka, 2022). A study conducted by John (2025) in Meru District Council revealed insufficient financial management capabilities requiring enhanced training programs, advanced tools, and procurement optimization strategies to improve proficiency and confidence in overall financial stewardship. Therefore, the knowledge gap makes it difficult for them to effectively manage school finances and comply with financial regulations, often resulting in inefficiencies or mismanagement.

1.1 Statement of the Problem

Reports from the Controller and Auditor General (CAG) and various education stakeholders indicate persistent weaknesses in budgeting capabilities among heads of public secondary schools. The Controller and Auditor General (CAG) annual Local Government Authorities reports (GR/LGA/2020/21, 2022/23) have documented these patterns across Arusha Region councils, reflecting national trends where 78% of audited LGAs showed misrepresentation of financial statements due to weak school-level financial stewardship. Meru District Council school reports aggregated in CAG's annual LGA audits (GR/LGA/2020/21, 2022/23), Arusha Region councils consistently received adverse opinions due to these school-level control weaknesses (NAOT, 2021/22; 2022/23). Although the influence of HoS' budgeting capabilities on the financial health of public secondary schools is questionable, studies aimed at verifying their competences are lacking. Yet if the purported and documented financial management weaknesses among HoS are not verified properly and addressed, then they can contribute to inefficient use of resources, affect school financial health, and compromise the quality of education provision. It may also lead to delayed development projects, ultimately undermining resource efficiency, accountability, and sustainable educational outcomes. Thus, the questions addressed were: how adequate are the HoS with budgeting skills, and what is the state of financial health in public secondary schools in Meru District Council?

1.2 Specific Objectives

a) To explore the adequacy of skills in budgeting among heads of public secondary schools in Meru District Council.
b) To examine the state of financial health of public secondary schools in Meru District Council.

1.3 Research Questions

How adequate are the budgeting skills of heads of public secondary schools in Meru District Council?b) What is the state of financial health in Meru District Council public secondary schools?

2. Literature Review

2.1 Theoretical Framework of the Study

This study was guided by one theory, namely the Resource-Based View, commonly referred to as the Resource-Based theory. The Resource-Based theory was first pioneered by Edith Penrose in her 1959 seminal work "The Theory of the Growth of the Firm," which emphasized firms as bundles of resources. In a school setting, the theory provides a framework for understanding how schools can achieve superior performance, such as high academic outcomes or financial sustainability, by utilizing their internal unique resources effectively rather than just relying on external government funding. This study is related to this theory because it frames school heads' financial competencies, such as budgeting proficiency, as unique internal resources that drive organizational performance.

2.2 Adequacy of Skills in Budgeting

Yasin and Mokhtar (2022) conducted a study on Practices of Accountability and Transparency in Financial Management among Secondary School Principals in Malaysia. The study investigated the practices of accountability and transparency in schools. Aspects such as yearly financial statements, submission of yearly financial accounts to the head of responsibility, having internal auditors, and appointment of a financial management committee. Generally, the study explored the implementation of practices related to accountability and transparency in selected public schools in Kuala Lumpur. The study employed a qualitative approach utilizing semi-structured interviews and document analysis. Thematic analysis was used to analyse data using NVivo software. The findings showed that there is a critical need for financial management training for principals, finance committees, and elected staff representatives. The level of accountability and transparency in school finances amongst these school principals was a great concern, and that was one source of conflict and lack of support and monitoring from district offices. The study used a qualitative approach, providing limited quantitative evidence on principals' financial management competencies and school financial health.

Dwangu and Mahlangu (2021) conducted a study on accountability in the financial management practices of school principals in South Africa. The objective of this study was to examine the efficacy of accountability mechanisms utilized in the financial management practices of school principals within the Eastern Cape Provincial Department of Education. The study collected data through semi-structured interviews from the school principal to the School Governing Body (SGBs), specifically the finance committees. 10 schools were selected for interacting with the researchers, consisting of 1 principal, 1 chairperson, 1 treasurer, and the secretary of SBGs. Data were analysed through a qualitative approach, namely phenomenological analysis. The study found that most SGB members and finance officers were dissatisfied with the current school financial accountability framework. The study examined accountability mechanisms; it did not investigate the impact of principals' financial management competencies on school financial performance. Consequently, this relationship remains an under-researched area.

Kosgei and Lekhetho (2025) conducted a study on the relationship between principals' competencies in budgeting and the performance of financial management roles in public secondary schools in Kenya. The study combined scientific management theory and systems theory to form a strong theoretical framework. Using a mixed research approach with a case design where data were collected from principals and bursars through questionnaires and semi-structured interviews with auditors. Having a sample of 115 public secondary school principals, 111 school bursars and three school auditors selected purposively, the study found that there was a positive and statistically significant relationship between principals' budgeting competencies and their performance of financial management roles. The study also found that some principals lacked essential budgeting competencies, including timely budget preparation, departmental guidance, and interpretation. While the study identified deficiencies in budgeting competencies among some principals, it did not sufficiently explore the underlying factors contributing to these shortcomings. To address this gap, factors such as the sufficiency of financial training were investigated by the District Education Officer (DEO) and heads of schools.

Nachinguru and Mwila (2023) conducted a study on financial resource management, aiming at examining the challenges that heads of secondary schools` experience when managing their financial resources. The study was conducted in Kinondoni Municipality, Tanzania. The study was guided by the agency theory proposed by Stephen Ross and Barry Mitnick in 1973. A mixed approach research method and a concurrent transformative research design were adopted. The study had a sample of 22 teachers, 6 heads of schools, and 5 members of the school board. Data were collected through questionnaires, interviews, and documentary analysis. The synthesis of findings indicates that public secondary school heads demonstrate a notably low level of financial resource control. This deficiency is attributed to insufficient financial management expertise, an absence of clear financial guidelines, political interference, and instances of corruption among committee members. To enhance fiscal oversight and optimize resource utilization, the study recommended that school heads undergo comprehensive training in financial management procedures and competencies.

Nicholaus et al. (2023) conducted a study that aimed at assessing the contributions of the Facility Financial Accounting and Reporting System (FFARS) towards transparency and accountability in financial management among public primary school heads in Moshi Municipality, Tanzania. The study was guided by financial control theory, employing a mixed-method research approach with a convergent design. The sample of the study consisted of 11 public primary schools, 11 headteachers, 1 District Education Officer, 1 District internal auditor, and 1 District IT manager. Data were collected using a questionnaire and interview guide. The study found that FFARS had contributed to transparency and accountability among heads of schools in financial management. Heads of schools were able to share financial information with staff members and other stakeholders. The study finally concluded that the government should provide sufficient training on the use of FFARS to all heads of schools so that they become more competent in managing school funds.

Nelius and Onyango (2022) conducted a study to investigate Challenges Facing School Heads in Controlling Finances among Bukombe District Public Secondary Schools, Tanzania. The research employed a mixed-methods approach utilizing a convergent parallel design. The study population comprised 368 education stakeholders, from which a sample of 77 participants, including one Education Officer, one District Auditor, 17 board members, three school heads, three school bursars, and 54 teachers, was selected by using simple random and purposive sampling techniques. Quantitative data were processed using descriptive analysis in SPSS version 20, while qualitative data were analyzed thematically. The findings indicated that school heads face significant challenges in implementing financial control measures, notably a lack of professional training, insufficient transparency, limited financial resources, and inadequate stakeholder cooperation.

2.3 State of School Financial Health

Ejom et al. (2025) conducted a study on principals' financial management strategies and secondary school system effectiveness: implications for a changing society in Cross River State, Nigeria. The study employed a correlational research design including all 297 public secondary schools and their principals. A census approach was adopted to ensure comprehensive coverage. A questionnaire of 24 items was used to collect data after being validated by an expert. The Cronbach's alpha was used to establish the reliability, which yielded coefficients of 0.81 and 0.84. The four-point Likert scale was used to score the responses, and the analysis using Pearson Product Moment Correlation in SPSS v26 at a 0.05 level of significance was obtained. The study found that principals' management strategies relate to secondary system effectiveness in Cross River State. It implies that effective financial planning and strict expenditure control can help school administrators allocate resources efficiently, mitigate financial mismanagement, curb corruption, and minimize wastage. This study did not adequately examine competencies such as budgeting, financial reporting, and internal controls. To cover this gap, the study examined how principals' financial management capabilities directly influence the financial health of society.

In Nigeria, Ohamobi et al. (2025) conducted a study on principals' financial management practices as predictors of effective administration of public secondary schools in Anambra State. The study examined principals' financial practices as predictors of effective administration of public secondary schools. The study was guided by three research questions, and three null hypotheses were tested at a 0.05 level of significance. The study population consisted of 267 principals in the 267 public secondary schools using a census sampling procedure in Anambra State. The study found that budgeting, financial records, and revenue generation were significant factors for predicting an effective administration of the schools in Anambra State. To critique, the study focused only on principals, excluding other key stakeholders such as board members and the education officer at higher levels, such as the district authority, who could provide broader perspectives on school financial management. To cover this gap, the study included the school board chairpersons and the district education officer to get data on the school's financial health.

Aina and Bipath (2020) conducted a study on school financial management: Insights for decision-making in public primary schools in South Africa. The study aimed at investigating the financial management of public primary schools situated in urban areas. The study adopted the qualitative research approach by employing a multiple case study research design. Five schools were involved, and data were collected through individual semi-structured interviews with principals, school accountants, and the chairperson of SGBs of the elected schools. The study found that although all South African schools operate under the South African Schools Act, fee-paying schools manage their finances differently from no-fee schools located in townships and rural areas. In addition, the absence of parent members in SGBs and their limited financial competencies were identified as obstacles to making effective financial decisions. To address the limited evidence from only five schools, the researcher used a larger sample of public secondary schools selected to reflect variation in location.

Sinkala, Kabaso, Vincent, and Simui (2026) conducted a study on school financial and gatekeeping, where they aimed to assess the effectiveness of accountants in public schools in Zambia. Through a convergent mixed-method design, the quantitative and qualitative data were collected from headteachers, education administrators, and the schools' accountants. The study found that schools with supportive leadership and well-defined financial policies demonstrated stronger accountability and more efficient resource utilization. Enhancing financial accountability and overall school performance requires accountants to assume a more robust gatekeeping role (Sinkala Kabaso, Vincent, & Simui, 2026). The study focused on accountants' roles; the gap can be addressed by assessing how heads of schools' financial management capabilities influence school financial health.

Mutuiri, Ngeera, and Kirambia (2026) conducted a study on the Influence of School Financial Control on Financial Management in public schools in Kericho County, Kenya. The study examined how financial control practices shaped the financial management performance in public secondary schools. Guided by Systems theory, the study employed a mixed-methods research approach with a concurrent nested design. The target population consisted of 239 public secondary schools in Kericho County, of which a stratified sample of 72 schools was selected. The observation teams consisted of 72 directors, 72 bursars, 72 student presidents, one district school auditor, and 24 chairpersons of boards of directors. Strict, purposive, and simple random sampling methods have been used. Data were collected by means of questionnaires, questionnaires and interviews, and by means of document analysis. The quantitative data were analysed using inferential statistical techniques; the qualitative data were analysed thematically and presented in the form of tables, figures, and emerging topics. The findings revealed weak implementation of financial management policies, limited involvement of stakeholders, and insufficient enforcement of financial control mechanisms in many secondary schools. The study concluded that effective financial control significantly influences financial management outcomes in public secondary schools.

3. Methodology

3.1 Research Approach and Design

The study used a mixed-method research approach with a Convergent parallel design. The design was suited for this study because it involved merging both quantitative and qualitative data to provide a comprehensive analysis of the research problem (Cresswell & Cresswell, 2023). The study collected both forms of data at the same time and integrated the information in interpreting the overall results. This study was done in public secondary schools found in Meru District, Arusha Region. Meru District is one of the seven districts of the Arusha Region. Proximity to Meru District Council enhanced data collection by enabling easy access to heads of schools, board chairpersons, and the DEO for questionnaires and interviews. It reduced costs, supported response rates, and ensured timely follow-ups during the study.

3.2 Sampling Techniques, Procedures, and Sample Size

Sampling is a process of selecting respondents for research. It involves the identification of the larger population (sample frame) from which a sample is selected. Whatever the kind of research approach, qualitative, quantitative, or mixed approach, the sample size should be selected since it is hard to study the whole population (Cresswell, 2018). Stratified sampling was applied to heads of schools to ensure proportional representation from a population of 48, selecting 30 respondents per category for a total sample of 30. This probability-based technique divided the population into homogeneous subgroups, based on a key variable, which is school location. Random selection within each stratum then occurred, guaranteeing that the sample reflects the population's diversity and reducing sampling error. The study used purposive sampling to select knowledgeable and experienced school board chairpersons and the DEO, who provided the required data needed. A sample of 37 respondents was used in this study, including 1 DEO, 30 heads of public secondary schools in Meru District Council, and 6 school board chairpersons.

3.3 Data Collection Tools and Analysis

Data collection tools or instruments are devices, facilities, or guides used for data collection (*TRM & Tools*, 2023). This study used an interview guide and questionnaires as tools for collecting data. The tools were considered suitable because they gave a complete view, broad, measurable trends, and deeper reasons behind them. Triangulation strengthens the findings. The study analysed data by using descriptive statistics for quantitative data using the SPSS v24 program and thematic coding for qualitative data from interviews and open-ended questionnaires for comprehensive interpretation.

3.4 Ethical Considerations

The study considered various research ethics during the study, specifically obtaining informed consent from the participants before the collection of data, ensuring that participants' personal information and the use of data were solely for academic purposes. The participants were also treated with respect and dignity during the collection of data. Reporting and analysis of data were done with integrity and honesty throughout the study while acknowledging all sources of information.

4. Results and Discussion

The study aimed to assess the influence of heads' budgeting capabilities on the financial health of public secondary schools in Meru District Council. The schools that participated in the study are referred to as S, and they are numbered from S1 to S30. The participants are coded as HM1(Head of secondary school 1) up to HM30 Head of school 30). Further, school board chairpersons are named as P1, P2, P3, P4, P5, P6, and P7. The district education officer is named DEO.

Table 1: Demographic Information of the Participants

Demographic Category	**Interval**	**Frequency (F)**	**Percentages (%)**
Years in current role			
	0 to 5 years	14	37.83%
	6 to 10 years	13	35.13%
	Above 10 years	10	27.02%
Total Participants		**37**	**100%**
Education qualification			
	Diploma	3	8.1%
	Bachelor's Degree	32	86.48%
	Degree Master	2	5.4%
Total Participants		**37**	**100%**

Source: (Field data, 2026)

Table 1 shows a total of 37 respondents who were heads of schools, school board chairpersons, and the district education officer. Among the participants, 37.83% have been in their current role between 0 and 5 years. This implies that the majority of the participants are still very junior in their positions. On the other hand, 35.13% of them seem to be in their current role between 6 and 10 years, which implies that the respondents have knowledge and are gaining more skills in their role. Lastly, on this aspect, 27% of the participants have been in their role for more than 10 years. This suggests that they have been given trust by their superiors regarding their capability to perform in their roles.

About education qualifications, data in Table 1 shows that 86.48% of the participants hold a bachelor's degree, 8.1% hold a diploma, and 5.4% hold a master's degree. This implies that the respondents are knowledgeable on matters related to education and finance due to their experiences in school boards. The schools' boards with the school management teams are responsible for issues related to financial management, specifically budgeting and procurement.

4.1.1 Adequacy of Budgeting Skills

On this theme, the study investigated various subthemes including; Ability by the heads of schools to explain budget variations to auditors, contingency budget planning, budget monitoring, budget review, competence in budgeting skills, budget alignment with capitation grants priorities, actual expenditures aligning with the budget amounts, prioritizing the development project budgets based on strategic plans, forecasting annual capitation grants requirement accurately as well as revenue projections. Data as presented in Table 2 were collected from 30 HoS using a four-point Likert-rated scale questionnaire where Strongly Disagree (SD) stands for 1, Disagree (D) stands for 2, Agree (A) stands for 3, and Strongly Agree (SA) stands for 4. The scale of interpretation based on Likert (1932) defines responses between 3.26 – 4.00 as very high response, 2.51 – 3.25 as high, 1.76 - 2.50 as low, and 1.00 – 1.75 as very low (Carifio & Perla, 2008).

Table 2: Adequacy of Budgeting Skills

Descriptive Statistics

ITEM STATEMENTS	SD F (%)	D F (%)	A F (%)	SA F (%)	M	INTERPRETATION
I can explain budget variances to auditors/CAG inspectors with supporting documentation	0 (0.0)	3 (10.0)	15 (50.0)	12 (40.0)	**3.30**	Very High
My budgeting process includes contingency planning for delayed capitation grant disbursements	0 (0.0)	4 (13.3)	15 (50.0)	11 (36.7)	**3.23**	High
I monitor budget performance monthly and prepare variance reports for School Board review	1 (3.3)	5 (16.7)	11 (36.7)	13 (43.3)	**3.20**	High
I revise budgets with formal School Board approval when significant grant changes occur	0 (0.0)	5 (16.7)	15 (50.0)	10 (33.3)	**3.17**	High
I prepare realistic budgets that align with capitation grants' priorities	0 (0.0)	7 (23.3)	13 (43.3)	10 (33.3)	**3.10**	High
I am highly competent in budgeting skills	0 (0.0)	6 (20.0)	15 (50.0)	9 (30.0)	**3.10**	High
Actual expenditures stay within the budgeted amounts for each category	0 (0.0)	9 (30.0)	11 (36.7)	10 (33.3)	**3.03**	High
Development project budgets are prioritized based on strategic plans	0 (0.0)	9 (30.0)	13 (43.3)	8 (26.7)	**2.97**	High
I can accurately forecast annual capitation grant requirements	0 (0.0)	10 (33.3)	14 (46.7)	6 (20.0)	**2.87**	High
Revenue projections from grants typically achieve 100% of budgeted collection targets	0 (0.0)	17 (56.7)	12 (40.0)	1 (3.3)	**2.47**	Low
Overall Mean	-	-	-	-	**3.04**	**High**

Note. **SD** = Strongly Disagree; **D** = Disagree; **A** = Agree; **SA** = Strongly Agree; **F** = Frequency; **%** = Percentage; **M** = Mean.

Source: (Field data, 2026)

The majority of the respondents strongly agreed on the ability to explain the budget variances to auditors/CAG inspectors with supporting documentation, with a mean of 3.30, as presented in Table 2. This implies that in most secondary schools, the heads provide clear information to the auditors when financial statements do not align with the implemented projects. Clear documents are prepared for the provision of evidence on how money has been spent by showing the date and specific activity which were taken. This might occur due to variation in price, delay in project implementation, and budgeting errors. This aspect was also supported by the interview data from the DEO and school board chairpersons as follows: *"In our school, the headmaster is sometimes able to explain budget variances during audits…"* (Interview with P3 April, 2026). In addition, the other board chairperson said that "*The headmaster demonstrates good competence in explaining budget variances.*" (Interview with P5 in March, 2026). Furthermore, the DEO said that;

> We observe variation in how heads of schools handle audit inquiries. Some are well-prepared and confidently explain budget variances with complete supporting documentation, which satisfies auditors and CAG inspectors. However, others struggle due to weak record-keeping and a lack of analytical skills, resulting in audit queries. (Interview with DEO, April 2026).

The respondents agreed that the budgeting process includes contingency planning for delayed capitation grant funds, indicated by a mean of 3.23. This can be interpreted as school board members plan budgets for various situations that are likely to affect the organization. This can be done by changing the priorities so as to cope with the emerging situations, which enable the continuation of the key school activities. This aspect was supported by the interview with the DEO and school board chairpersons as follows: *"The headmaster prepares budgets with some awareness of possible delays in capitation, but formal contingency planning is clearly structured"*. (Interview with P6 April, 2026). This was also supported by another school board chairperson who said, *"The headmaster, by experience, is aware of delays* *of capitation grants; therefore, contingency measures are included in the budgeting process"* (Interview with P1 March 2026). Furthermore, the DEO added that;

> We observe variation in how heads of schools incorporate contingency planning into their budgets. Some schools have clear strategies such as prioritizing essential expenditures or using internal reserves during delays, while others lack structured contingency plans. (Interview with DEO, April 2026).

4.1.2 Budget Performance Monitoring

On the aspect of monitoring the budget performance monthly and preparing variance reports for school board review, the majority of respondents agreed with a mean of 3.20. This implies that in the majority of secondary schools, the SMT ensures that funds are used according to the planned budget and that records are being prepared to ensure credibility. This might be happening due to experience, as many heads of schools recognize the importance of monitoring budget performance in achieving the organizational goals. This was supported by the data from the interview with the DEO and school board chairpersons as follows: "*The headmaster makes efforts to monitor budget performance, but monthly variance reports are not consistently done"* (Interview with P2 March 2026). This argument was also supported by another school board chairperson as follows: *"The headmaster generally monitors budget performance every month".* (Interview with P3 April, 2026). Finally, the DEO added by saying;

> At the district level, we observe variation in the capacity of heads of schools to monitor budgets and produce variance reports. Some schools consistently prepare monthly reports and use them for corrective action, while others fail to produce them altogether. (Interview with DEO, April 2026).

The mean of 3.17 reveals that the majority of respondents agreed that heads of schools revise budgets with formal school board approval when significant grant changes occur, as shown in Table 2. This can happen when the grants provided by the government increase or decrease. This leads to the formation of a new budget that aligns with the available funds. This is supported by the interview with the school board chairperson, who said, *"My headmaster sometimes revises the budget when there are significant changes in capitation grants, but the process is not always formally approved by the School Board in advance."* (Interview with P1, March, 2026). Another chairperson added that *"The head of this school makes sure that any major changes in grant allocations are reflected through formal budget revisions"* (Interview with P3, April 2026). Furthermore, the DEO said that;

> At the district level, compliance with formal budget revision procedures varies. Some heads of schools strictly follow the requirement of seeking School Board approval before adjusting budgets due to changes in grant allocations, while others make informal adjustments without proper authorization. (Interview with DEO, April 2026).

4.1.3 Competency in Budgeting Skills

About competency in budgeting skills, the mean was 3.10, implying that the majority of respondents agreed. This can be interpreted that heads of schools receive training or workshops on the strategies related to budget formulation by aligning with the income and expenditures. It can also be possible due to the advice and experience of some heads, especially those who have served in their role for more than five years. This was supported by the interview with the DEO and school board chairpersons from S23 and S4, as follows: "*In my observation, the headmaster has basic budgeting competence and can prepare annual budgets*." (Interview with P5 in March 2026). This aspect was also supported by another chairperson from S10 who said, *"The head of this school shows fairly competent budgeting skills."* (Interview with P2 in March 2026). Furthermore, the DEO said,

> The competence in budgeting skills among heads of schools is varied. Some heads demonstrate strong abilities in planning, forecasting, and controlling budgets effectively, while others show weaknesses in aligning budgets with available resources and financial regulations. However, we are continuing to provide training so that they can be in a position to control budgets. (Interview with DEO, April 2026).

On the preparation of a realistic budget that aligns with capitation grants priorities, the majority of respondents agreed, as evidenced by the mean of 3.1 in Table 2. This might be happening due to seminars or guidelines that are given to heads of schools on the areas of priorities when formulating a budget, including teaching and learning materials, infrastructure development, as well as staffing, which can maximize the educational outcomes. This was supported with the interview data from the DEO and school board chairpersons as follows: *"In my experience, the headmaster attempts to prepare budgets that reflect the available capitation grants".* (Interview with P4 March, 2026). In addition, the DEO said that *"At the district level, we observe mixed levels of budgeting competence among heads of schools.* (Interview with DEO, April 2026). The researcher reviewed some financial documents that were used to prepare budgets in some schools and verified that most of the heads can prepare budgets that are realistic and align with capitation grants priorities.

4.1.4 Expenditure Budget Compliance

In Table 2, the majority of respondents agreed that actual expenditures stay within the budgeted amounts for each category. The mean was 3.03, which reveals that in most secondary schools, the expenses are guided by a formulated budget. This provides accuracy in the preparation of financial reports and makes the auditing processes easier. The knowledge of using funds according to the formulated budget must be disseminated regularly to the heads of schools as well as the appointed officials to lead the educational organization. This was supported by the interview data from the DEO and two school board chairpersons who said, *"The headmaster manages expenditures effectively".* (Interview with P2 March 2026). In addition, the DEO said that *"We observe a mixed performance regarding budget adherence. Some heads maintain strict control while others frequently reallocate funds without proper authorization".* (Interview with DEO April, 2026).

Concerning the prioritization of development project budget based on the strategic plan, the mean in Table 2 was 2.97. This implies that the majority of respondents agreed. The strategic plan shows the goals to be achieved by the organization within a particular period of time. They are being arranged from the most important to the least important. This can be interpreted as some schools formulate their budget by focusing on the goals to be achieved by the organization. This makes the formulated budget realistic with the organizational needs. This was supported by the interview data from DEO and the school board chairperson. A chairperson said, "*The headmaster considers the school strategic plan when proposing development project budgets."* (Interview with P5, March, 2026). Another chairperson of a school board said, *"The headmaster ensures that development project budgets are aligned with the school's strategic plan."* (Interview with P6 April, 2026) *"We observe mixed adherence to strategic planning in budgeting for development projects* (Interview with DEO April, 2026).

4.1.5 Capitation Grant Forecasting

On the aspect of forecasting the annual capitation grants requirements by heads of schools, Table 2 shows a mean of 2.87. This can be interpreted as the majority of respondents agreed. The statistical data demonstrate the ability to plan the financial expenses required for the annual budget by the heads of school due to the experiences from the previous annual budgets. This was supported by the interview data from a board member who said, *"In my school, the headmaster attempts to forecast annual capitation grant requirements based on student enrolment and previous allocations"* (Interview with P3 April 2026).

Besides, another chairperson said, *"The head of this school demonstrates good ability to forecast annual capitation grant requirements using enrolment trends and historical funding patterns* (Interview with P5- school board chairperson March, 2026). In addition, the DEO said that *"Forecasting of annual capitation grant requirements varies among heads of schools. Some can make fairly accurate projections, while others lack systematic methods and rely on estimates."* (Interview with DEO, April 2026). The researcher finally went through documents related to budgeting and other financial documents and found that most of the heads are doing well in projecting capitation grant requirements under the guidelines provided by the ministry per one individual student.

The majority of respondents (Mean 2.47) agreed that revenue projections from grants typically achieve 100% of budgeted collection targets. This implies that the funds which are provided to run the educational institution are enough for some schools, and heads of schools are aware of the alternative strategies of obtaining funds for their institutions. Furthermore, it can be interpreted that some schools have different projects that create funds for fulfilling the budgets if the provided grants do not comply with the budgets. This was supported by the interview data from the DEO and the school board chairpersons as follows: *"The headmaster prepares revenue projections based on expected capitation grants".* (Interview with P1- School Board chairperson, March 2026). *"The headmistress makes realistic estimates of expected grant revenues, and in many cases, the projections closely match the actual funds received"* (Interview with P4- school board chairperson, March 2026). *"At the district level, achieving 100% alignment between projected and actual grant revenues is not always realistic."* (Interview with DEO, April 2026)

In conclusion, the overall mean of 3.04 in Table 2 is interpreted as high, implying that heads of schools have adequate budgeting skills. These skills enhance prudent financial planning, resource allocation, and financial control, thereby facilitating the efficient functioning of educational organizations.

4.2 The State of Financial Health of the Schools

Based on this objective, the study determined different subthemes such as absence of capitation grants withholding due to auditing, **s**chool financial health improvement, maintenance of strong relationships with creditors**,** maintaining budget sustainability over multiple years**,** positive comments of CAG audit, absence of payment delays, maintaining of teacher motivation sustainability adequately, school's purchasing power adequately covers teaching/learning materials and proper management of current school debt and adequacy of cash reserve as presented on Table.3

Table 3: The State of Financial Health of the Schools
Descriptive Statistics

ITEM STATEMENTS	SD F (%)	D F (%)	A F (%)	SA F (%)	M	INTERPRETATION
No capitation grants withheld due to auditing	0 (0.0)	6 (20.0)	10 (33.3)	14 (46.7)	**3.27**	Very High
School financial health will improve in the next two years	0 (0.0)	5 (16.7)	15 (50.0)	10 (33.3)	**3.17**	High
Our school maintains strong relationships with creditors	0 (0.0)	7 (23.3)	12 (40.0)	10 (33.3)	**3.17**	High
The school maintains budget sustainability over multiple years	0 (0.0)	9 (30.0)	17 (56.7)	4 (13.3)	**2.83**	High
Positive CAG audit comment	3 (10.0)	8 (26.7)	11 (36.7)	8 (26.7)	**2.80**	High
No payment delays experienced in the last 12 months	0 (0.0)	14 (46.7)	11 (36.7)	5 (16.7)	**2.70**	High
Teacher motivation sustainability is adequately maintained	0 (0.0)	16 (53.3)	8 (26.7)	6 (20.0)	**2.67**	High
The school's purchasing power adequately covers teaching/learning materials	2 (6.7)	13 (43.3)	10 (33.3)	5 (16.7)	**2.60**	High
Our school's current debt situation is well-managed	1 (3.3)	18 (60.0)	8 (26.7)	3 (10.0)	**2.43**	Low
Cash reserve is adequate	4 (13.3)	18 (60.0)	7 (23.3)	1 (3.3)	**2.17**	Low
Overall Mean	—	—	—	—	**2.78**	Low

Note. **SD** = Strongly Disagree; **D** = Disagree; **A** = Agree; **SA** = Strongly Agree; **F** = Frequency; **%** = Percentage; **M** = Mean.

Source: (Field data, 2026)

4.2.1 Withheld Capitation Grants

In Table 3, the majority of the respondents strongly agreed (Mean 3.27) that there are no capitation grants withheld due to auditing. This implies that heads of schools in most secondary schools use the provided grants accurately. This might be happening due to the outlined penalties, which can be directed to individuals who misuse the provided grants, as well as literacy on how to manage the funds. This was supported by the interview data from a school board chairperson who said, *"I would say this statement is partially true."* (Interview with P6 April, 2026). This was also supported by another chairperson who argued: *"I disagree to some extent with the statement."* (Interview with P5, March, 2026). Furthermore, the DEO said that "*From a district-level perspective, I would say the statement is largely accurate but with notable exceptions*" (Interview with DEO, April 2026).

4.2.2 Future Financial Health Outlook

Concerning the improvement of school financial health in the next two years, as shown in Table 3, the mean was 3.17, which implies that the majority of respondents agreed. This reveals that the majority of heads of schools have their own assets and strategies that generate funds for schools, thus they are confident in the financial status improvement in the coming years. Heads of schools are required to visit neighbouring schools so that they can learn different projects for generating school funds. This was supported by the information from DEO and from school board chairpersons as follows: "*There is potential for improvement if capitation grants are released more predictably and schools strengthen internal financial management."* (Interview with P4 March, 2026). Another chairperson also supported this: *"There are signs that financial management practices are gradually improving in my school, especially in budgeting and reporting"* (Interview with P2-school board chairperson, March 2026). Furthermore, the DEO said that *"I would describe the future outlook as moderately positive on systemic factors. If ongoing reforms in financial management, procurement compliance, and accountability continue, schools may experience improved financial stability."* (Interview with DEO, April 2026).

4.2.3 School-Creditor Relations

On maintaining a strong relationship between schools and creditors, the mean was 3.17, which implies that the majority of respondents agreed, as shown in Table 3. This reveals that in schools, various strategies are being implemented to ensure that good relationships continue to exist between the school and creditors, including proactive communication in case of delay in payment and transparency in financial reporting. Otherwise, a conflict might happen, leading to difficulties in achieving the organization's goals if there is no good relationship, as it becomes difficult to access materials for both teaching and learning, as well as infrastructure development. This was supported by the information from the DEO and school board chairpersons as follows *"The relationship between my school and creditors is well maintained otherwise trust is affected."* (Interview with P5- school board chairperson, March 2026) *"In many cases, schools struggle to maintain strong and stable relationships with creditors because of recurring delays in settling debts."* (Interview with P1- school board chairperson March 2026). Furthermore, the DEO added that *"I would say creditor relationships are mixed and highly dependent on individual school financial discipline…."* (Interview with DEO, April 2026).

4.2.4 Budget Sustainability

The majority of respondents agreed that schools maintain budget sustainability over multiple years (Mean 2.83). This might be happening due to the alignment of the school budget with the institutional strategic plans, which are planned according to the mission and vision of the organization, as well as having revenue diversification. This enables the improvement of the budgeting process by focusing on prioritised goals. This was supported by the school board chairpersons who said, *"I would say budget sustainability in my school is partially achieved across multiple years."* (Interview with P3- school board chairperson, April 2026). Another chairperson supported by saying, *"My school operates on short-term budgeting cycles and struggles to maintain true multi-year budget sustainability."* (Interview with P5 March 2026). Furthermore, the DEO argued, *"I would assess budget sustainability as generally weak to moderate across schools. A few well-managed schools demonstrate good financial planning practices that support continuity over time*." (Interview with DEO, April 2026).

4.2.5 CAG Audit Review

The majority of respondents agreed with a mean response of 2.80 that the CAG Audit Review was positive. This implies that the comments which are provided by the CAG audit help to improve the financial health of the organization, as the comments provided enable to reduce the embezzlement of funds. SMT is encouraged to put into practice the recommendations that the CAG outlines. This was supported by the DEO and school board chairpersons as follows: *"My school receives clean or improved opinions, which shows progress in financial compliance.*" (Interview with P1, school board chairperson, March 2026). Another chairperson added that *"My school still receives audit observations that highlight weaknesses in financial documentation."* (Interview with P5, school board chairperson, March 2026). Furthermore, the DEO added that "*I would describe the audit situation as improving"* (Interview with DEO, April 2026).

4.2.6 Absence of Payment Delays

Concerning the absence of payment delays experienced in the last 12 months, the majority of respondents agreed with a mean of 2.70, as revealed in Table 3. This implies that in most secondary schools, creditors are being paid on time; thus, the majority of respondents agreed. This might be happening due to a lack of funds that are being provided by the government for the implementation of the planned goals. This was supported by the information from the DEO and school board chairpersons as follows: *"This statement is not entirely accurate. I have experienced smooth payment cycles at certain periods."* (Interview with P4-school board chairperson, March 2026). Another chairperson said, *"Payment delays are still experienced, although the frequency varies from time to time."* (Interview with P1, school board chairperson, March 2026). Besides, the DEO added that *"Some schools have reported minimal or no significant delays due to improved financial planning and timely submissions of payment requests."* (Interview with DEO, April 2026).

4.2.7 Sustainability of Teachers Motivation

The majority of respondents agreed on the adequacy of maintenance of teachers' motivation sustainability, as evidenced by a mean of 2.67. This implies that in schools, teachers are motivated in various ways so that they can continue delivering knowledge and skills as well as implementing other managerial activities efficiently and effectively. This might be happening due to the presence of income-generating activities, which can generate funds that act as incentives to teachers. Heads of school are supposed to provide meaningful rewards to teachers who implement their responsibilities well. This was supported by the interview data from the DEO and school board chairpersons as follows: *"From my observation as a board chairperson, I would say teacher motivation is moderately maintained"* (Interview with P4, school board chairperson, March 2026). Another chairperson added that *"I comment that teacher motivation is not consistently sustained due to delays in allowances, limited school-generated income"* (interview with P2, school board chairperson, March 2026).

4.2.8 Purchasing Power for Teaching Materials

About the adequacy of the school's purchasing power in covering teaching/learning materials, the mean was 2.60, implying that the majority of respondents agreed. This implies that the teaching and learning materials are moderately sufficient for some schools. This might be happening due to the provision of capitation grants in schools, which align with the number of students who are available within the educational organization. One school board chairperson said, *"I would say the purchasing power of my school is moderately adequate."* (Interview with P3, school board chairperson, April,2026). Another chairperson added that *"In practice, many schools struggle to fully meet the demand for teaching and learning materials due to limited financial capacity"* (Interview with P1-school board chairperson March 2026). The DEO added by saying. *"I would assess purchasing power as uneven and generally* *insufficient across many schools. A few well-managed schools can allocate adequate resources for instructional materials through good budgeting and prioritization."* (Interview with DEO, April 2026).

4.2.9 Management of School Debts

In relation to the management of the school debts on Table 3, the mean of 2.43 reveals that the majority of respondents disagreed. This implies that in some educational institutions, heads of schools fail to manage the school debt effectively due to the absence of an alternative source of income, especially in schools that are located in urban areas where there is no land for the implementation of income-generating projects. This might be happening due to overdependence on a single source of income, which can lead to failure in accommodating all the organization's needs. This was supported by interview data as *follows: "From my perspective, I would say the debt situation in this school is moderately managed."* (Interview with P2-school board chairperson, March 2026). Another chairperson added that *"In reality, my school continues to struggle with unsettled debts, especially for utilities, suppliers, and service providers*. (Interview with P6 April 2026). The DEO strengthened the information by saying *"I would assess the situation as uneven across schools"* (Interview with DEO, April 2026).

4.2.10 Cash Reserve

The majority of the respondents disagreed on the adequacy of cash reserves in schools (Mean 2.17). This implies that most of the schools do not save funds for future use. This might be happening due to the exact provision of grants which aligns with the current school needs, as well as a shortage of financial management skills, including the cost-cutting measures among the heads of schools. This was supported by interview data as follows: *"The cash reserve position of my school is moderately adequate but not stable throughout the year."* (Interview with P6, school board chairperson, April 2026). Another chairperson said, *"My school maintains a reasonable level of cash reserves that can support short-term obligations…."* (Interview with P2 March 2026). The DEO added by saying, ***"****I would assess the situation as generally weak to moderately adequate depending on school management practices."* (Interview with DEO, April 2026).

Generally, the overall mean of 2.78 indicated in Table 3 reflects a strong consensus among respondents concerning the financial status of secondary schools. Consequently, it may be concluded that the financial condition of the majority of these schools is stable and conducive to effective operational budget management.

4.3 Hypothesis Testing Results

The study involved testing a null hypothesis that there is no relationship between budget management capabilities and school financial health. The test results are presented in Table 4

Table 4: **N=30 (Heads of Schools)**

Correlation			
		Budget_Management	Financial_Health
Budget_Management			
	Pearson Correlation	1	.505
	Sig. (2-tailed)	.004	
	N	30	30
FinanciaL_Health			
	Pearson Correlation	.505	1
	Sig. (2-tailed)	.004	
	N	30	30

**. Correlation is significant at the level of 0.505 (2-tailed)

Source: (Field Data, 2026)

The Pearson correlation analysis indicates that there is a moderate positive relationship between Budget Management and Financial Health (r = .505). The significance value is (p = .004), which is less than the commonly accepted significance level of (0.05). Therefore, the relationship is statistically significant, which implies that the null hypothesis was rejected and the alternative hypothesis was accepted, that there is a significant relationship between budget management and the school's financial health. This means that improvement in budget management practices is associated with improvement in schools' financial health.

4.4 Discussion

4.4.1 Budgeting Skills

The findings of this study indicate a general positive ability among heads of schools to account for budget variances during audits. This happens when they can provide strong explanations attached with supporting documents. It shows the high level of financial accountability by showing the date, activity, and the purpose for a particular expenditure, where the CAG and other auditors get into verification of the funds used.

The current findings are supported by Yasin and Mokhtar (2022), who reported concerns over accountability and transparency in school finance in Malaysia. Their study suggested that practices such as having a yearly financial statement and supporting financial management structures enable verification of how funds were used. Their emphasis on the need for financial management training for principals and finance committees also supports the idea that strong justification of variances during audit verification depends on leaders' competence and the proper use of documentary evidence.

In addition, Nicholaus et al. (2023) support the claim that supporting documents improve transparency and accountability. The findings on the Facility Financial Accounting and Reporting System (FFARS) have enabled heads of schools in Moshi Municipality to share financial information with the stakeholders, such as staff and parents as well. It strengthens the availability and traceability of financial records that auditors rely on during verification of expenditures.

Nelius and Onyango (2022) indirectly align with the current findings by suggesting that when the heads of schools lack professional training, limited transparency, inadequate resources, and weak stakeholder cooperation, financial control measures become too difficult to implement. Where these challenges are addressed, heads of schools are more likely to provide clear explanations for budget variances with the supporting documentation required during audits.

4.4.2 Inclusion of Contingencies for Grants Delays.

The current findings revealed that budget processes in various schools demonstrate contingency planning due to experiences with delays in government funds. It implies that the schools' boards and heads anticipate the occurrence of delays from the capitation grants. Therefore, the priorities that are urgently needed for the sustainability of school operations are adjusted in the budget with supporting documents. In public secondary schools. The findings revealed that school boards and the heads of schools engaged in contingency budgeting to cover the delays in government capitation grants. Their study established that within the East African education context, the delays are anticipated. Hence, the application of contingency plans demonstrates a high level of principals' budgeting competencies and the successful performance of their financial management roles.

The study done by Ephrahem and Bhoke-Africanus (2021) supports the findings, where their study found deficiencies in financial management skills among school heads, particularly in financial analysis and reporting. The study further determined that a majority of school principals lack the requisite proficiency in financial management. To address these issues, the study proposed several strategic interventions, including professional capacity-building programs for school leadership.

Furthermore, this proactive adjustment of financial priorities is empirically validated by Nelius and Onyango (2022) in their study on public secondary schools in the Bukombe District of Tanzania**.** They identified "limited financial resources" as the most important challenge confronting school administrators. Delayed capitation grants effectively constrict a school's immediate resource base, and the current findings illustrate the exact operational coping mechanisms, contingency planning, and strict expenditure prioritization required by school heads to navigate the harsh resource limitations highlighted in the Bukombe District case.

4.4.3 Forecasting Grants Needs

The current findings revealed that heads of schools have the capabilities of forecasting the next annual capitation grant requirements. This indicates that the heads of schools possess moderate budget planning skills that help them to estimate annual financial requirements by using previous budget experiences. These findings are supported by a study done by Kosgei and Lekheto (2025) in Kenya, who found a very positive and statistically significant relationship between principals' budgeting competencies and the effective performance of financial management roles in public secondary schools. Their findings indicated that forecasting grant needs or budget needs enables school heads to perform financial planning responsibilities more effectively, including estimating financial requirements and allocating resources appropriately.

Nachinguru and Mwita (2023), in their study, found that the school heads in Kinondoni Municipality were experiencing weak financial resource management due to a lack of sustainable financial management competencies. The study recommended training to strengthen budgeting and financial planning skills. Therefore, the current findings generally indicate that school heads have the capability of forecasting capitation grant requirements due to the number of enrolled students. It suggests that they possess moderate budget planning skills that enable them to estimate annual financial needs based on previous budgeting experiences.

The resource-based theory also agrees with the current findings by stating that schools achieve the best performance when they plan and utilize resources effectively. Forecasting annual capitation grant requirements therefore reflects the school's ability to anticipate resource needs in advance and plan how those resources will be allocated efficiently.

To conclude, the findings above indicate that heads of schools can predict future funding gaps by comparing expected school costs with the anticipated revenues. This is a key planning practice that prevents shortages and ensures school day-to-day operations stay aligned.

4.4.4 Grants Revenue Meets Budget Targets.

The current findings indicate that revenue projections from grants achieve 100% in some schools where heads can make relatively accurate expected capitation grants. The findings reveal that certain schools get a stable flow of grant funding from the government, while the majority of them fail. The schools whose budgets are closely aligned with actual income supplement funding gaps through alternative income-generating activities such as school projects. Research done by Căldăraru et al. (2022) demonstrates that financial skills improve efficiency in managing limited educational resources and enhance institutional performance.

These findings are consistent with the research conducted by Kosgei and Lekhetho (2025) in Kajiado County, Kenya, which demonstrated that principals' budgeting competencies significantly improve financial management performance and facilitate more accurate financial projections. Furthermore, these results partially align with Nicholaus et al. (2023), whose study in Moshi Municipality, Tanzania, concluded that the implementation of the Facility Financial Accounting and Reporting System (FFARS) enhances transparency and accountability, thereby strengthening the monitoring and management of school financial resources.

Overall, the findings suggest that although revenue forecasting from grants is generally effective in some schools, there remains variation in accuracy and dependency on external funding conditions. This states the importance of strengthening financial planning skills and encouraging alternative revenue-generation to ensure schools' budgets are stable even when grant funds do not fully meet expectations. A partially contrary study was conducted by Rupia and Musa (2022), which argued that many heads of schools were not adequately prepared to manage financial resources effectively, resulting in weak budgeting skills and financial mismanagement. This differs from the current findings, where heads of schools demonstrated moderate budgeting competencies and compliance with financial regulations.

To conclude the discussion of this objective, the quantitative data with an overall mean of 3.04 reveals that heads of secondary schools in Meru district council are equipped with adequate budgeting skills that support smooth financial operations as required by the appointing authorities. The qualitative findings from the DEO and the school board chairpersons highlight variations in record-keeping and accountability. It suggests training to boost uniformity and sustainability.

4.5 The State of Financial Health of the Schools

The study sought to determine whether the school's financial health was stable after evaluating the capabilities of heads in areas concerning the adequacy of budgeting skills. The study employed both a questionnaire and an interview guide to obtain data from the stakeholders who were heads of schools, the DEO, and the school board chairpersons. The aspects that had high means were: no capitation grants withheld due to auditing, and School financial health will improve in the next two years. The aspects that had low means were: Our school's current debt situation is well-managed, and the cash reserve is adequate.

4.5.1 Audit Compliance, Capitation Grants, and School Financial Health

The findings of this study indicate that capitation grants generally are not withheld due to audit processes. Therefore, it suggests that the majority of heads of schools comply with the requirements of financial management and they utilize the grants as guided by higher authority.

The study by Ejom et al. (2025) in Cross River State, Nigeria, found that effective financial planning and expenditure control help school administrators allocate resources efficiently, reduce financial mismanagement, and minimize wastage. This supports the finding that compliance with financial procedures helps ensure capitation grants are used appropriately.

The study by Sinkala et al. (2026) in Zambia aligns with the current findings. Their study found that schools that had a supportive leadership on matters related to financial policies demonstrated stronger accountability and efficient resource utilization. Therefore, their study aligns with the current findings that heads' financial management capabilities enable schools to properly utilize capitation grants and maintain financial health.

From the RBV perspective, financial competencies such as budgeting skills, regulatory compliance, and financial reporting are critical internal resources that enable schools to efficiently manage limited funds and achieve financial sustainability. The Pearson correlation results show a moderate positive and statistically significant relationship between budget management and financial health ($r = 0.505$, $p = 0.004$), meaning that better budget management practices are associated with improved school financial health.

Besides, the auditing process seems to function as a tool of controlling government funds rather than a tool for punishing those who fail to follow the guidelines. This may be attributed to existing penalties or demotions of school heads. The qualitative findings are from different perspectives; while some stakeholders acknowledge compliance, others express reservations about its consistency. Regarding future financial prospects, the findings indicate that school financial health will improve within the next two years in most of them. It reflects growing confidence in leadership capacity and learning from best practices across schools.

Contrary to these findings, the study by Mutuiri, Ngeera and Kirambia (2026) revealed weak implementation of financial management policies, persistent financial mismanagement, weak procurement practices, inadequate infrastructure, and recurring fiscal crises in public secondary schools in Kenya. This contradicts the current study because the Meru study found schools to be relatively stable financially despite some weaknesses.

4.5.2 Debt Management and Cash Reserve Adequacy.

The current findings of this study revealed that the majority of public schools experience some difficulties in managing financial obligations effectively. This is due to the absence of extra sources of income because schools tend to rely heavily on a single source, which is the government capitation grants. The situation is reflected in the qualitative findings, where it has been revealed that the capitation grants are often insufficient to meet all operations at the school level.

Mbola et al. (2025) found that schools face limited funding, lack of accountability, and weak managerial skills, which result in ineffective utilization of scarce resources. This situation commonly leads to unsettled financial obligations, a direct indicator of debt problems. In the study conducted by Nguyen & Tran (2023) found that school leaders operate under complex financial environments with reliance on government and external funding. When these funds are insufficient or delayed, schools struggle to meet obligations, contributing to financial strain and debt-like conditions.

The aspect of cash reserve verifies the argument because schools lack financial safeguards for future or emergency use. The CAG Reports (NAOT, 2021/22; 2022/23) posit that there are persistent weaknesses in financial stewardship in Tanzanian public schools, including misrepresentation of financial statements and weak control systems, which often lead to unpaid obligations and accumulation of liabilities.

In conclusion, the study found that public secondary schools are in a moderately stable financial position, as indicated by the overall mean score of 2.78. The results show notable strengths in maintaining good relations with creditors, ensuring timely utilization of available funds, and demonstrating generally fairly positive audit outcomes. However, weaknesses remain in key areas such as debt management, adequacy of cash reserves, and long-term financial sustainability. While heads of schools demonstrate a reasonable level of competence in managing financial matters, the findings highlight the need for targeted capacity-building interventions to further strengthen financial health. There is also a need to effectively use the automated program (FFARS) in all schools when dealing with issues related to finance so as to maintain transparency and clarity.

5. Conclusion and Recommendations

5.1 Conclusion

The study concludes that budgeting skills among heads of secondary schools are important for effective financial management and responsible allocation of school resources. The presence of these competencies suggests that financial management training and practical experience contribute to improved financial decision-making. However, the identified weaknesses in revenue projection and long-term financial forecasting indicate the need for continuous capacity building to strengthen strategic financial planning and enhance schools' financial sustainability.

5.2 Recommendations

1. The Ministry of Education, Science and Technology should strengthen capacity-building programs for heads of public secondary schools in financial management. Since the study found that many heads of schools possess moderate budgeting skills, the ministry should organize regular workshops, seminars, and professional training on budgeting, auditing, and financial reporting.

2. Heads of public secondary schools should strengthen their financial management practices by continuously improving their competencies. They should actively participate in workshops, seminars, and professional training programs related to financial management. Heads of schools should adhere to financial guidelines to enhance accountability, transparency, and financial sustainability.

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