Principals play the most crucial role in ensuring schools' effectiveness and performance. Without the necessary skills and competencies, many heads are overwhelmed by this enormous task. In most of the developing countries, principals have hardly any formal managerial and leadership training and most of them are appointed on the basis of their teaching record other than their leadership potentials. Induction and support are usually limited and principals have to adopt a pragmatic approach of leadership. Despite their poor managerial and leadership training, principals often work in poorly equipped public secondary schools with inadequately trained subordinate staff in the finance department (Bursars/Accounts Clerks). This study sought to establish the challenges facing principals in such schools in financial management in public secondary schools in Kitui District, Kenya. The study adopted a descriptive survey design. The target population of the study included all the 63 Principals, 63 Boards of Governors' (BOG) Chairmen and 63 either Bursars/or Accounts Clerks of public secondary schools in Kitui District. Cluster and simple random sampling random sampling methods were used to come up with the sample size of 57 respondents which was 30% of the target population and it included: 19 Principals, 19 BOG Chairmen and 19 Bursars/or Accounts Clerks. Data were collected using a Principals and BOG Chairmen/Bursars/or Accounts Clerks' questionnaire and analyzed by qualitative and quantitative methods using Statistical Package for Social Sciences (SPSS). Descriptive statistics such as the frequencies and percentages were used. The findings were presented using pie charts, bar charts and frequency distribution tables among others. The study found out that prior to their appointments most principals had not been trained on school financial management. It was also found out that the principals were being appointed on the basis of their teaching record and personal known characteristics by the school sponsor or the community, rather than their leadership potentials. In addition the principals had not received any induction training course(s) on financial matters after they were appointed. The study recommended that the government through the Teachers Service Commission (TSC) and/or Ministry of Education (MoE) should organize school leadership training programs on financial management for head teachers before they are promoted and/or soon after having been appointed to headship positions. This was found important because it would ensure that they were well equipped with the necessary financial skills needed to effectively manage the financial resources entrusted to them in public secondary schools before appointment. The study also recommended that the government should work in conjunction with the TSC so as to put in place proper induction programs on financial management for the Deputy Head teachers (D/HT) and Heads of Departments (HoD) soon after their appointment in readiness for their future appointments to principalship. This would ensure that newly appointed head teachers would in advance have received the practical training on school financial management before they start their leadership duties when they are first appointed principals in their schools.