Setting Up Inventory Tracking

Last Modified on 06/21/2023 3:16 pm EDT

> This guide explains how to set up automated inventory tracking. It is intended for system administrators.

To set up inventory tracking, you must complete these three tasks:

1. Activate inventory integration.
2. Select the inventory management method.
3. Select default inventory GL Accounts.

Activate Inventory Integration

1. Navigate from **Main Menu** > **System Admin** > **Preferences** > **Fulfillment**.
2. In the Inventory section, mark the flag to **Enable inventory integration**.
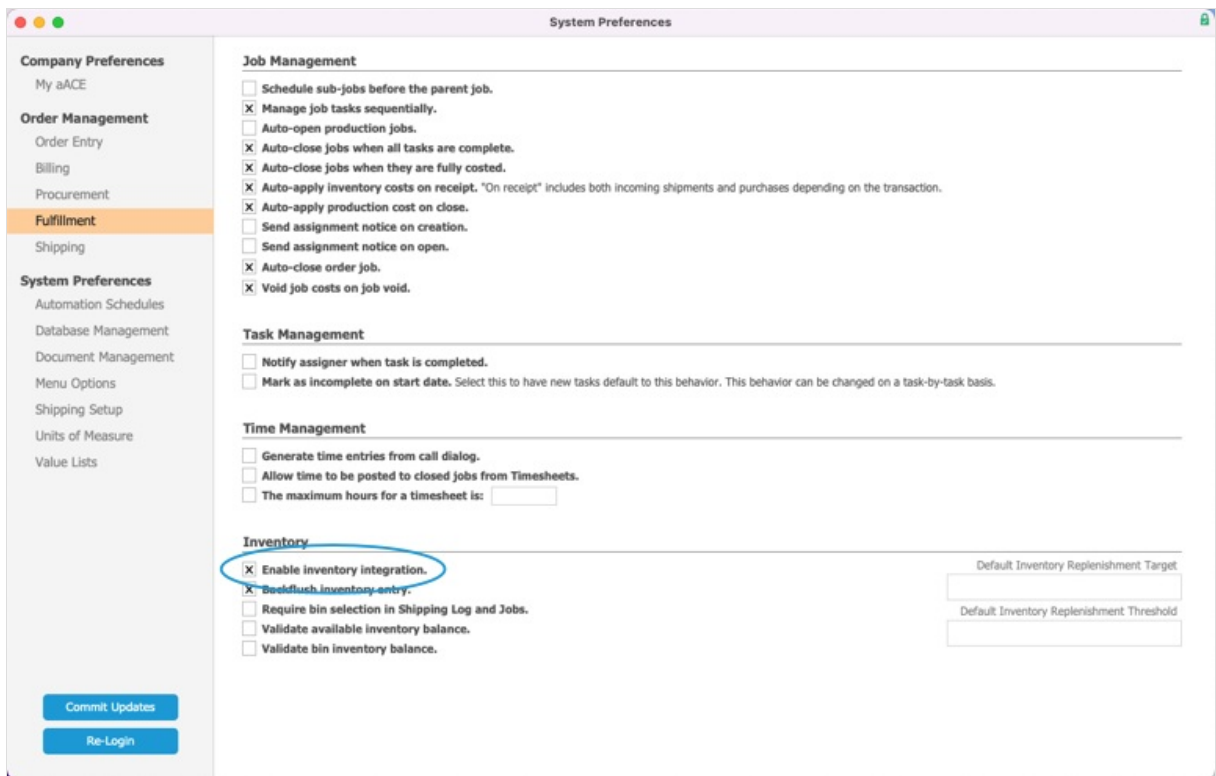
3. Click **Commit Updates**.
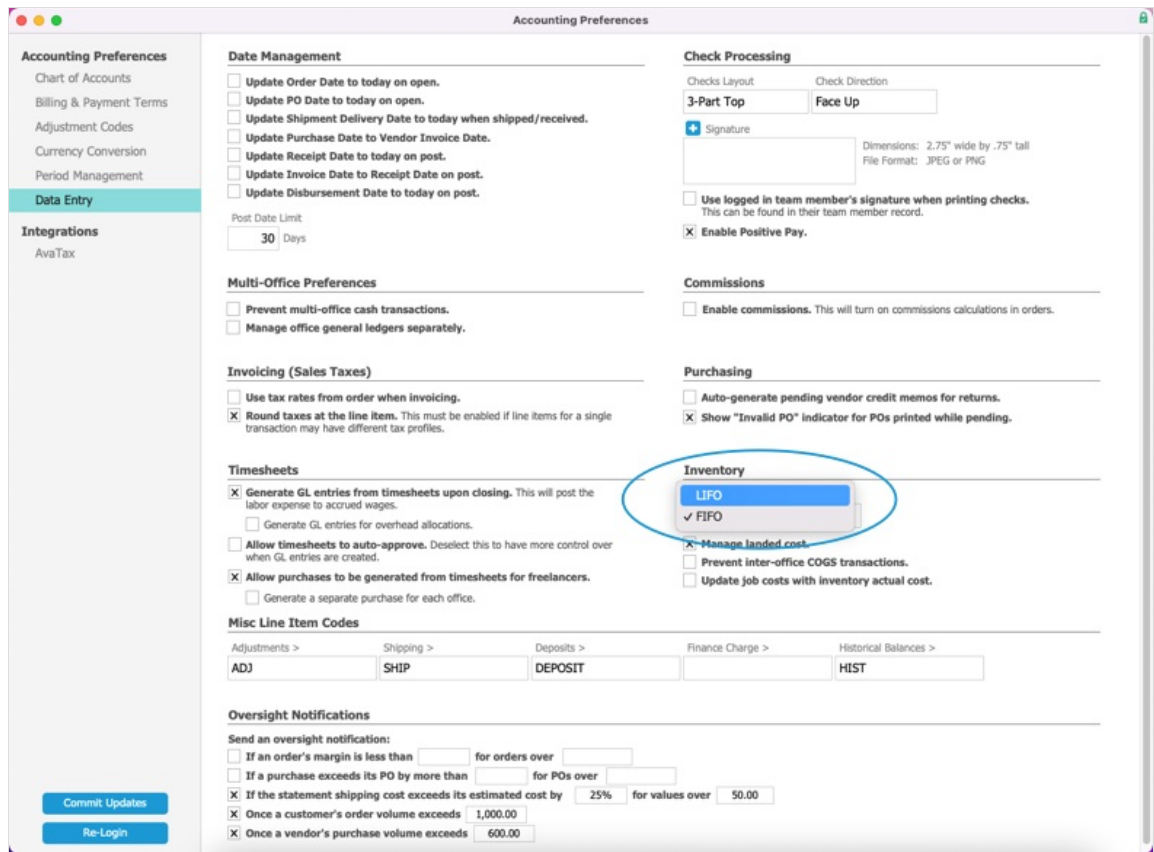
Accounting Preferences

The inventory management method and default inventory GL account settings are located

in the Accounting Preferences module. Navigate from Main Menu > Accounting > Preferences.

Select the Inventory Management Method

1. At the Accounting Preferences module, click **Data Entry**.
2. In the Inventory section, click the COGS Method dropdown list and select the appropriate option:
   - **LIFO** (last in / first out) — May result in slightly reduced profits, but correspondingly lower tax rates.
   - **FIFO** (first in / first out) — Typically results in additional profits, if the costs of items consistently increase.

     Note: For special order, lot tracked, and serialized items, the COGS Method generally does not apply. Instead, specific items are received and shipped.

3. Click **Commit Updates**.

Select the Default Inventory GL Accounts

1. At the Accounting Preferences module, click **Chart of Accounts**.
2. In the Assets section, click the dropdown for **Default Inventory Account** and select a default account.

3. In the Liabilities section, click the dropdown for **Accrued Inventory** and select a default account.

4. Click **Commit Updates**.