

Cost of Goods Seems Incorrect

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If it seems the Cost of Sales account has an incorrect value, it may be necessary to involve SSI support to find the source of the problem. The following is a list of items to check:

- Run the Income Statement month by month to find the first fiscal month that appears to be incorrect. It is important to know when the problem started.
- Run the Account Detail report for the department's Inventory Asset account. This report is found at *Accounting Reports / G/L / G/L Reports / Account Detail*. Any Journal Entries made to this account outside of the Post Inventory to GL Journal Entries will directly affect the Cost of Sales/Income Statement.
- Run the Sales Register with the *Totals Page Only* and *Gross Margin Calculation* options checked. This report is found at *Accounting Reports / Sales / Sales Register*. Compare this report to the Income Statement.
- Substantial inventory adjustments will impact the Income Statement for the fiscal month. To find the cost of Inventory Adjustments, run a report found at *Accounting Reports / Inventory / Inventory Status / Inventory Adjustments*. Be sure to check the *Product Recap* option to get the total cost value for each product.
- Make sure to use the same Cost (Average or Last) to run the Company Owned Inventory Statement that is used when Posting Inventory to GL.
- Review current and archived Company Owned Inventory Statements. Find any costs or inventory values that look incorrect for the department that posts to that Cost of Sales account.
- If costs are correct, have they changed much over time? A consistent increase or decrease can have an especially big impact if posting using Last Cost instead of Average Cost.
- If a specific product had (or has) a cost problem, run a Cost Audit report for that product. To run this report, go to *Accounting / File / Open / Product / Pricing* and select **Audit Costs**. This report can also be found at *Accounting Reports / Inventory / Inventory Status / Product Cost Audit*.
- Are there any Purchase Invoices entered for freight only? In other words, the Product was referenced as a zero quantity line item with only the freight amount in the total.
- Have there been any freight differences when reconciling freight? The difference between the Estimated Freight and the Actual Freight will post to the Cost of Goods Sold account when using Summarized posting.
- Are there Products marked as *Consignment* that should not be?