**Oriental Trading Company**

Since opening its doors in Hawaii two years ago, Oriental Trading Company (OTC) has enjoyed tremendous success. As a wholesaler, OTC purchases textiles from Asian markets and resells them to local retail shops. To keep up with strong demand for textiles in the Hawaiian Islands, OTC is expanding its local operations. At the heart of the expansion is the introduction of a new information system to handle the tremendous increase in purchases.

You have conducted several interviews with department supervisors who interact with the acquisition/payment system. The following is a summary of your discussions:

A purchase requisition is sent from the inventory system to Sky Ishibashi, a clerk in the purchasing department. Sky prepares a purchase order from the information in the vendor and inventory files and mails it to the vendor. The vendor returns a vendor acknowledgement to Sky indicating receipt of the purchase order. Sky then sends a purchase order notification to Elei Mateaki, a clerk in the accounts payable department.

When the receiving department accepts vendor goods, the inventory system notifies Elei by sending him a receiving report. Elei also receives invoices from the various vendors. He matches the invoices with the purchase order notification and the receiving report and updates the accounts payable master file. Elei then sends a payment authorization to the accounting department. There, Andeloo Nonu prepares and mails a check to the vendor. When the check is issued, the system automatically updates the accounts payable master file and the general ledger.

1. **Develop a context diagram and a level 0 DFD of the acquisition/payment system at OTC.**