

The major purchasing activity for EarthWear involves the purchase of clothing and other products that are styled and quality crafted by the company's design department. All goods are produced by independent manufacturers, except for most of EarthWear's soft luggage. The company purchases merchandise from more than 300 domestic and foreign manufacturers. For many major and most domestic suppliers, goods are ordered and paid for through the company's electronic data interchange (EDI) system. The computerized inventory control system handles the receipt of shipments from manufacturers, permitting faster access to newly arrived merchandise.

Purchases of other goods and services are made in accordance with EarthWear's purchasing authorization policies. Company personnel complete a purchase requisition, which is forwarded to the purchasing department for processing. Purchasing agents obtain competitive bids and enter the information into the purchase order program. A copy of the purchase order is sent to the vendor. Goods are received at the receiving department, where the information is agreed to the purchase order. The receiving report is forwarded to the accounts payable department, which matches the receiving report to the purchase order and vendor invoice. The accounts payable department prepares a voucher packet and enters the information into the accounts payable program.

When payment is due on a vendor invoice, the accounts payable program generates a cash disbursement report that is reviewed by the accounts payable department. Items approved for payment are entered into the cash disbursement program for electronic funds transfer (EFT), or a cheque may be printed. The cheques are sent to the cashier's department for mailing.