

GovCon Chart of Accounts Template

A DCAA-compliant chart of accounts structure for government contractors. Covers direct costs by contract, indirect cost pools (fringe, overhead, G&A;), unallowable cost segregation, and revenue by contract type. Use as a template to build or restructure your own COA.

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YOUR COA IS THE FOUNDATION OF DCAA COMPLIANCE

A properly structured chart of accounts makes compliance automatic. Direct costs flow to contracts. Indirect costs flow to pools. Unallowable costs are segregated at the transaction level. When DCAA audits, they can trace any cost from your GL to a specific contract or pool. A poorly structured COA forces manual reclassification, creates audit findings, and makes your incurred cost submission a nightmare. Get the structure right on day one.

1 COA Structure Overview

Account Range	Category	Purpose	DCAA Significance
1000-1999	Assets	Cash, receivables, equipment, deposits	Supports balance sheet reconciliation
2000-2999	Liabilities	AP, accrued expenses, payroll liabilities	Accrued costs must match GL entries
3000-3999	Equity	Owner equity, retained earnings	Tracks cumulative financial position
4000-4999	Revenue	Contract revenue by type (FFP, CP, T&M)	Revenue must match billings by contract
5000-5999	Direct Costs	Labor, materials, subs, ODCs by contract	Traced to specific contracts (Sched B)
6000-6499	Fringe Benefits (Indirect Pool)	Employer payroll taxes, health, retirement, PTO	Fringe rate pool (Schedule E)
6500-6999	Overhead (Indirect Pool)	Facilities, indirect labor, supplies, depreciation	Overhead rate pool (Schedule F)
7000-7999	G&A Expenses (Indirect Pool)	Executive, accounting, legal, HR, BD, B&P	G&A rate pool (Schedule G)
8000-8499	Other Indirect Pools	Material handling, site-specific overhead	Other pools (Schedule H)
8500-8999	Unallowable Costs	Entertainment, alcohol, lobbying, fines, etc.	Must be segregated per CAS 405

9000-9999	Other Income / Expense	Interest income, gains, losses, taxes	Excluded from contract billing
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2 Direct Cost Accounts (5000-5999)

Direct costs are traced to individual contracts. In QuickBooks, use Customer:Job for each contract and track costs against these accounts. Each direct cost transaction must identify which contract it benefits.

Acct #	Account Name	Description
5000	Direct Labor	Salaries/wages of employees working directly on contracts
5010	Direct Labor — Overtime	Overtime premium on direct labor (if separately tracked)
5100	Direct Materials	Raw materials, supplies consumed on specific contracts
5110	Direct Materials — Purchased Parts	Components and parts for specific contracts
5200	Subcontracts	Subcontractor costs (must have CO consent if required)
5210	Subcontracts — Consultants	Independent contractor/consultant costs on contracts
5300	Direct Travel	Travel costs charged to specific contracts
5310	Direct Travel — Per Diem	Lodging and meals per FAR 31.205-46 / FTR rates
5320	Direct Travel — Transportation	Airfare, rental car, mileage for contract work
5400	Other Direct Costs (ODCs)	Equipment, shipping, printing for specific contracts
5410	ODC — Equipment Rental	Rented equipment charged to specific contracts
5420	ODC — Communications	Phone, data services charged to specific contracts
5500	Direct Costs — CLIN 0001	Example: contract-specific CLIN tracking (optional)
5510	Direct Costs — CLIN 0002	Example: additional CLIN tracking (optional)

3 Fringe Benefit Pool (6000-6499)

Acct #	Account Name	Description
6000	Employer FICA — Social Security	Employer portion: 6.2% on first \$168,600 (2024)
6010	Employer FICA — Medicare	Employer portion: 1.45% on all wages
6020	FUTA (Federal Unemployment)	Federal unemployment tax (0.6% on first \$7,000)
6030	SUTA (State Unemployment)	State unemployment tax (rate varies by state/experience)
6100	Health Insurance — Employer	Employer-paid health insurance premiums
6110	Dental Insurance — Employer	Employer-paid dental insurance premiums
6120	Vision Insurance — Employer	Employer-paid vision insurance premiums
6200	Retirement — 401(k) Match	Employer matching contributions
6210	Retirement — Employer Contribution	Non-matching employer retirement contributions
6300	Life Insurance — Employer	Group life insurance premiums (employer portion)

6310	Disability Insurance — Employer	Short-term and long-term disability premiums
6400	Workers Compensation Insurance	Workers comp premiums
6410	PTO Accrual	Vacation, sick leave, personal day accruals (CAS 408)
6420	Holiday Pay	Paid holidays for all employees
6450	Tuition Reimbursement	Employer-paid education benefits

4 Overhead Pool (6500-6999)

Acct #	Account Name	Description
6500	Indirect Labor — Supervision	Supervisors/managers overseeing direct work
6510	Indirect Labor — Support Staff	Admin staff supporting contract operations
6520	Indirect Labor — QA/QC	Quality assurance and quality control staff
6600	Facilities — Rent/Lease	Office/work site rent (contract support areas)
6610	Facilities — Utilities	Electric, water, gas, internet at work sites
6620	Facilities — Maintenance	Repairs and maintenance for work facilities
6630	Facilities — Janitorial	Cleaning services for work facilities
6700	Office Supplies	General office supplies consumed in operations
6710	Equipment — Small Tools	Non-capital equipment and tools
6720	Equipment — Depreciation	Depreciation on capital assets (CAS 409)
6800	IT — Hardware/Software	Computers, software licenses for operations
6810	IT — Support/Maintenance	IT support contracts, maintenance agreements
6900	Telephone/Communications	Phone, cell plans, conferencing for operations
6950	Indirect Travel	Travel not charged to specific contracts

5 G&A Expense Pool (7000-7999)

Acct #	Account Name	Description
7000	Executive Salaries	CEO, CFO, COO, VP salaries (subject to NDAA cap)
7010	Executive Fringe	Fringe benefits applied to executive compensation
7100	Accounting & Finance	Accounting staff salaries, bookkeeping services
7110	Audit & Tax Fees	External CPA fees for audit and tax preparation
7200	Legal Fees — General	General corporate legal counsel (allowable)
7210	Legal Fees — Contracts	Contract-related legal services
7300	Human Resources	HR staff, recruiting platforms, background checks
7310	Recruitment Costs	Job postings, recruiting fees (FAR 31.205-34)
7400	Business Development	BD staff, capture activities, pipeline management

7410	Bid & Proposal (B&P)	Proposal preparation costs (FAR 31.205-18)
7500	Insurance — General	General liability, E&O, D&O insurance
7510	Insurance — Cyber	Cybersecurity / CMMC-related insurance
7600	Corporate Rent	Corporate office rent (if separate from work site)
7700	Professional Memberships	Industry associations, subscriptions
7800	Bank Fees	Business banking fees, merchant processing
7900	Software — Corporate	Accounting, HR, CRM software licenses
7950	Training — Corporate	Professional development, conferences

6 Unallowable Cost Accounts (8500-8999)

WHY DEDICATED UNALLOWABLE ACCOUNTS MATTER

CAS 405 requires unallowable costs to be identified and excluded from contract billing. Having dedicated GL accounts makes this automatic. Without them, you must manually review every expense at year-end to find unallowable charges hidden in other accounts. DCAA auditors specifically test whether your COA segregates unallowable costs at the transaction level.

Acct #	Account Name	FAR Citation
8500	Entertainment	FAR 31.205-14 (always unallowable)
8510	Alcoholic Beverages	FAR 31.205-51 (always unallowable)
8520	Lobbying & Political Activity	FAR 31.205-22 (always unallowable)
8530	Fines & Penalties	FAR 31.205-15 (always unallowable)
8540	Donations & Contributions	FAR 31.205-8 (always unallowable)
8550	Bad Debts	FAR 31.205-3 (always unallowable)
8560	Interest & Financing Costs	FAR 31.205-20 (generally unallowable)
8570	Advertising — Unallowable Portion	FAR 31.205-1 (non-recruitment)
8580	Compensation — Over NDAA Cap	FAR 31.205-6(p) (amount exceeding cap)
8590	Travel — Unallowable Excess	FAR 31.205-46 (exceeds FTR/policy)
8600	Legal — Unallowable	FAR 31.205-47 (fraud/defense costs)
8610	Organization & Reorganization Costs	FAR 31.205-27 (always unallowable)
8620	Losses on Other Contracts	FAR 31.205-24 (always unallowable)
8630	Goodwill Amortization	FAR 31.205-49 (always unallowable)
8900	Other Unallowable Costs	Catch-all for costs not in categories above

7 Revenue Accounts (4000-4999)

Acct #	Account Name	Description
4000	Revenue — Fixed Price (FFP)	Revenue from firm fixed price contracts
4100	Revenue — Cost Plus (CPFF)	Revenue from cost-plus-fixed-fee contracts
4110	Revenue — Cost Plus (CPIF)	Revenue from cost-plus-incentive-fee contracts
4200	Revenue — Time & Materials	Revenue from T&M contracts
4300	Revenue — IDIQ / Task Orders	Revenue from IDIQ vehicle task orders
4400	Revenue — Fee / Fixed Fee	Fee earned on cost-type contracts
4500	Revenue — Commercial	Revenue from non-government work (if any)
4900	Revenue — Other	Miscellaneous contract revenue

8 QuickBooks Implementation Notes

- Create each contract as a Customer:Job in QuickBooks
Use format: 'Agency Name : Contract Number' (e.g., 'DoD : W912345-26-C-0001')
- Enable Class Tracking for cost pools
Classes: Direct, Fringe, Overhead, G&A, Unallowable, B&P. Assign to every transaction.
- Use Items or Service Items for cost elements
Map items to account numbers above. Ensures consistent coding.
- Set up 'Unallowable' as a Class in every cost category
Alternative: use sub-accounts (e.g., 6600-U for unallowable rent portion)
- Enable job costing reports
Profit & Loss by Job, Job Cost Detail, and Unbilled Costs by Job
- Set up monthly recurring journal entries
Fringe accruals, overhead allocation, G&A allocation, depreciation
- Create a custom report for indirect rate calculation
Pool totals divided by allocation bases, run monthly
- Use QuickBooks Time (TSheets) or DCAA-compliant timekeeping
Native QuickBooks timesheets may not meet DCAA requirements for audit trail

WHEN TO UPGRADE FROM QUICKBOOKS

Consider upgrading to Unanet, PROCAS, or Deltek when you have: 10+ active contracts, multiple cost pools with complex allocations, need for automated ICS preparation, EVMS requirements, or when manual workarounds in QuickBooks consume more time than the software saves. Most contractors outgrow QuickBooks between \$5M and \$10M in annual revenue.

Common COA Mistakes

No dedicated unallowable cost accounts

Mixing unallowable costs into regular expense accounts forces manual year-end cleanup. DCAA expects transaction-level segregation per CAS 405.

Single overhead account for all indirect costs

Lumping fringe, overhead, and G&A into one pool prevents proper rate calculation and makes your ICS impossible to prepare correctly.

Inconsistent direct/indirect classification

CAS 402: a cost type (e.g., IT expenses) must be treated the same way every period. Direct in January, indirect in February is a CAS violation.

No contract-level tracking of direct costs

Every direct cost must trace to a specific contract. 'Miscellaneous direct costs' with no contract assignment is an audit finding.

Revenue accounts not separated by contract type

FFP and cost-plus revenue have different recognition rules. Separate accounts prevent billing errors.

NEED HELP SETTING UP YOUR CHART OF ACCOUNTS?

Amerifusion Bookkeeping builds DCAA-compliant charts of accounts for government contractors. We configure QuickBooks, set up cost pools, and create the tracking structure your contracts require. CPA-managed, built for GovCon from day one. Schedule a free consultation at amerifusionbookkeeping.com/contact

Your GovCon Bookkeeping Toolkit:

1. DCAA Accounting System Readiness Checklist
2. Indirect Rate Setup Worksheet
3. Unallowable Cost Quick Reference
4. ICS Preparation Checklist

>>> 5. GovCon Chart of Accounts Template

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