

**HARVARD GRADUATE SCHOOL OF DESIGN
INDIVIDUAL FINANCIAL CONFLICTS OF INTEREST POLICY
July 20, 2012**

I. INTRODUCTION

In 2009, the Provost appointed a university committee, composed of faculty members from most of Harvard's schools, to draft a university-wide policy for addressing individual financial conflicts of interest for persons holding faculty and teaching appointments. The core concern of the University, as expressed by the policy, is that "faculty members should not permit outside activities and financial interests to compromise their primary commitment to the missions of the University and to the highest intellectual and ethical standards in discharging their academic responsibilities." The policy was approved by the President and Fellows of Harvard College as a University policy on May 26, 2010 (amended May 23, 2012). The full University policy may be retrieved at the following address:

http://vpr.harvard.edu/sites/vpr.harvard.edu/files/Harvard_University_fCOI_policy.pdf

This document describes the Graduate School of Design policy in conformity with the full University policy.

II. WHAT IS AN INDIVIDUAL FINANCIAL CONFLICT OF INTEREST?

The University policy, which the Graduate School of Design must follow, defines an individual financial conflict of interest as follows:

"An individual financial conflict of interest is a set of circumstances that reasonable observers would believe creates an undue risk that an individual's judgment or actions regarding a primary interest of the University will be inappropriately influenced by a secondary financial interest."

The core idea for the GSD is that its faculty members should not permit financial interests to improperly influence, or appear to influence, teaching, research, creative work, conference presentations, and other faculty activities undertaken as a GSD faculty member. An interesting nuance of the University policy is its recognition that "the existence of a financial conflict of interest is not to pass judgment on the character or actions of an individual and does not *per se* imply wrongdoing." Put another way, a conflict may exist even if the subjective intentions or motives of the individual faculty member are beyond reproach.

The GSD policy seeks to ensure the preservation of public confidence in the independence, integrity, and credibility of teaching, research, and creative work by GSD faculty members on the one hand while acknowledging that GSD faculty members need to and do engage with the outside world in a variety of ways. Examples of situations that are likely to produce the perception of an individual financial conflict of interest include the following:

- A GSD faculty member chooses a site or specific topic for a core or option studio while working with a design firm or client on the same site or specific topic.
- A GSD faculty member assigns an exercise in class that produces knowledge used contemporaneously by that faculty member for work on behalf of a client.
- A GSD faculty member does scholarly research on a subject matter about which the faculty member has been simultaneously or recently retained as a paid consultant.
- A GSD faculty member seeks to appoint to the faculty an individual with whom the GSD faculty member has a business relationship.

The examples cited above are not automatically forbidden under the GSD policy, but they present significant concerns that are addressed through procedures described below. Note that all GSD faculty members, voting and non-voting, are responsible for maintaining familiarity and complying with the University and GSD policies with regard to individual financial conflicts of interest.

III. PROCEDURES THAT NEED TO BE FOLLOWED BY GSD FACULTY MEMBERS WITH REGARD TO THE GSD'S INDIVIDUAL FINANCIAL CONFLICTS OF INTEREST POLICY

The procedures to be followed by GSD faculty members vary depending on the appointment status of the faculty member. Different procedures apply for GSD faculty members with an appointment of more than one year, Design Critics with an appointment of one year or less, and all other GSD faculty members.

A. For GSD faculty members with an appointment of more than one year

In order to enable the GSD to determine if an individual financial conflict of interest exists, the GSD requires faculty members with an appointment of more than one year to keep track of and disclose the faculty member's and family member's (defined as spouse and dependent children) "financial interests in a related outside entity." A "financial interest in a related outside entity" is an interest that may or may reasonably appear to an outside observer to influence the discharge of teaching, research, creative work, or other University-related responsibilities. In determining relatedness, individuals should employ a standard of common sense and when in doubt disclose.

There are two types of required disclosure. The first, known as "internal confidential disclosure," requires faculty members to disclose confidentially to the School financial interests in related outside entities. The second, known as "public disclosure," requires faculty members to disclose publicly to students in their courses and to public audiences (listeners, readers, media inquiries, etc.) financial interests in related outside entities that may reasonably appear to a student or a member of the audience to influence their teaching or public presentations.

1. What specifically needs to be disclosed through internal confidential disclosure?

- a. Financial interests in related outside entities of the faculty member and the faculty member's family that must be disclosed internally include an ownership interest in a related outside entity, such as a design firm, as well as related consulting fees, paid board memberships, paid government service, salary, honoraria, and similar payments. The threshold value for a financial interest in a related outside entity that must be disclosed is \$5,000 or more annually. The identity of the entity in which the faculty member or family member holds an ownership interest or from which the faculty member or family member is paid must be disclosed. In case of firms in which the faculty member or family member has an ownership interest, the full list of current clients and projects must be disclosed. In cases where the faculty member or family member is paid by a firm but does not have an ownership interest, the faculty member must disclose all clients for whom hired work could be understood as related to his or her teaching, research, creative work, or other activities at the GSD.
- b. Faculty members must also disclose their and their family member's role as a manager or director of a related outside entity.
- c. Faculty members must also provide information about what academic activities, including teaching, research, and creative work, may be affected by their financial interests in related outside entities.
- d. Additional disclosure may be required upon inquiry by the Dean.

2. What is the procedure for internal confidential disclosure?

- a. Faculty members must fill out annually, no later than July 1, an on-line "Annual Disclosure Form" about individual financial conflicts of interests. The GSD has accepted the University's on-line form as its own Annual Disclosure Form. This form can be found at the following link: <http://fcoi.harvard.edu/>.
- b. Faculty members must have an up-to-date Annual Disclosure Form on file before submitting any proposal for research funding.
- c. Any material changes with regard to financial interests in related outside entities that have occurred after faculty members have filled out their Annual Disclosure Form must be disclosed to the GSD within thirty (30) days of such material change. This change must be submitted online and by email notification of such change to the GSD's Designated Institutional Officer (DIO), who is an individual designated by the Dean.

3. How confidential is the internal confidential disclosure?

All internal confidential disclosures are, indeed, strictly confidential and will be reviewed initially only by the GSD's DIO. In the event that the DIO feels the need to clarify a particular issue (for example, a potential conflict on the choice of a site for a studio), the DIO may consult with the Dean and/or Department Chair. The DIO will consult with the faculty member prior to sharing information with anyone else about financial interests in a related outside entity.

All internal disclosures will be maintained in a confidential and secure format, and available only to a limited number of school officials with a direct need to know, or to University officials with a need to know in a specific instance (e.g. university attorneys, sponsored research or compliance officials assisting GSD), or in response to a valid subpoena.

4. What happens if a faculty member fails to submit the Annual Disclosure Form or provide information on material changes subsequent to the annual submission?

Failure to submit the Annual Disclosure Form, information on material changes, or information about any potential specific individual financial conflict of interest may result in sanctions.

5. How should faculty members handle public disclosure of financial interests in related outside entities?

Public disclosure to students in a faculty member's courses and to public audiences with regard to financial interests in related outside entities should occur at the beginning of the course, the public presentation, the media conversation, or any other public interaction, or be indicated in any published material.

B. For GSD Design Critics with an appointment of one year or less

A "Short Disclosure Form" for design critics with an appointment of one year or less is provided directly to such individuals as part of their contract.

C. For all other GSD faculty members

Although there is no specific form that needs to be filled out by GSD faculty members not covered by the two categories described above, such faculty members nonetheless must be familiar with and must follow the University and GSD policies with regard to individual financial conflicts of interest. The faculty member must reveal to the Department Chair any financial interest in a related outside entity that may give rise to a potentially problematic individual financial conflict of interest.

IV. HOW IS A POTENTIALLY PROBLEMATIC INDIVIDUAL FINANCIAL CONFLICT OF INTEREST RESOLVED AT THE GSD?

The existence of a financial conflict of interest in a related outside entity is not automatically prohibited. The GSD's DIO will have general responsibility for considering what, if anything, should be done with regard to disclosures that raise the possibility of problematic individual financial conflicts of interest. In consultation with the affected faculty member, the Dean will be responsible for final determination of the existence of a conflict which needs to be addressed and how it may be addressed including mitigation of the conflict or prohibition of the conflicted activity. A standing faculty committee may be appointed by the Dean to advise on identification of and management plans for problematic individual financial conflicts of interest.