

Report of Independent Auditors about the accountability Demonstrations

To the Directory Board of

**The Single Social Security of the State of Rio de Janeiro –
RIOPREVIDÊNCIA**

Social security plan

Rio de Janeiro – Rj

Opinion with a Remark

We have audited the financial statements of the Social Security Plan of the Social Security Fund of the State of Rio de Janeiro – Rio social security (entity), which comprises the balance sheet, financial and budgetary statements as of December 31st, 2017, the related statements of the asset variation, and cash flows for the year then ended, as well as the corresponding explanatory notes, including a summary of the main accounting policies.

In our opinion, except for the effects of the subject matter described in the following section titled “Basis for qualified opinion”, the financial statements referred to above present fairly, in all material respects, the financial position of the entity as of December 31, 2017, performance of its operations and changes in equity for the year then ended, in accordance with accounting practices adopted in Brazil applicable to public sector entities and with its own social security regime – RPPS

Basis for qualified opinion:

We request the confirmation of investment balances and bank balances for December 31, 2017. Since we did not receive the answers to this confirmation, our work was limited.

The entity has recorded its non-current liabilities as technical provisions the amount of R\$ 569.605.210, 34. We were presented with an actuary report responsible for the calculations for the year of 2016, not being set the actuarial valuation report of 2017. Consequently, we were not able to form an opinion as to the adequacy of the amounts recorded under this heading.

On December 31, 2017, the entity presented an amount of R\$ 267.762.330,51 related to prior year adjustments, that basically refer to the updating of the mathematical provisions of 2016, which we were unable to perform audit procedures. Consequently, we were not able to form an opinion as to the appropriation of the amounts recorded under this heading.

The management of the entity did not provide a letter from those responsible for the legal advice, regarding the judicial and administrative debts to the plan of the social security fund of the state of Rio de Janeiro - Rio Previdência for the year of 2017, constituting a limitation in the execution of our exams.

Our audit was conducted in accordance with the Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled as “Responsibilities of the auditor by the auditors of the financial statements” we are independent in relation to the **Social Security Plan of the Single Social Security Fund of the State of Rio de Janeiro – Rioprevidência**, according to the relevant ethical principles foreseen in the accountant's professional code of ethics and professional standards issued by the Federal Accounting Council, and we fulfill the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion with a remark.

Emphasis

As mentioned in note number 1, the Pension Plan will be allocated to the holders of the effective executive branch (including public servants and public foundations), the Legislative and the Judiciary. The new plan also reached the advisors and servants of the Court of Auditors and also, members and effective servants of the public ministry and public defense, notwithstanding the pensioners who enter the public service after the start of the operation of the management entity referred to in art. 34 of Law No. 6,243 of May 21, 2012, will be covered by this new social security system. Our opinion does not contain modification due to this subject.

Other information accompanying the accounting statements and the auditor's report

The administration of the social security plan of the unique Social Security Fund of the State of Rio de Janeiro - Rio Previdência is responsible for these other information, we understand the administration's report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with the audit of the financial statements, it is our responsibility to read the Management Report, when it becomes available to us and in doing so, to consider whether this report is materially inconsistent with the financial statements or with our audit knowledge or otherwise appears to be materially distorted.

Responsibility of management and governance for financial statements

The administration is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and for the internal controls that it has determined necessary to enable the preparation of the financial statements, unless management intends to liquidate the Pension Plan. **A single Social Security Fund of the State of Rio de Janeiro – Rio Previdência**, or cease its operations, or have no realistic alternative to avoid the closure of the operations. Those responsible for the governance of the **Social Security Plan of the Social Security Fund of the state of Rio de Janeiro - Rio Previdência** are those responsible for supervising the process of preparation of the financial statements.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue audit reports containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards always detect any relevant distortions that may exist. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, within a reasonable perspective, the economic decisions of users taken on the basis of those financial statements.

As part of the audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence that is appropriate and sufficient to substantiate our opinion. The risk of non-detection of retaliatory distortion resulting from fraud is greater than that of error, since fraud may involve the act of circumventing internal controls, collusion, counterfeiting, omission or false intentional representations.

We obtained an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not with the purpose of expressing opinion on the effectiveness of the internal controls of the Social Security Plan of the Single Social Security Fund of the State of Rio de Janeiro – RIOPREVIDÊNCIA.

We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.

We conclude on the suitability of use, by management, of the accounting basis of operating continuity and, based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may raise significant doubt in relation to events or capacity for operational continuity of the SOCIAL SECURITY PLAN OF THE SINGLE SOCIAL SECURITY FUND OF THE STATE OF RIO DE JANEIRO - RIO PREVIDENCIA. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include modification in our opinion if the disclosures are inadequate.

We evaluate the overall design, structure and content of financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and events that are consistent with the objective of presenting them appropriately.

São Paulo, March 15th of 2018

